



SUNMOON FOOD COMPANY LIMITED

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

PROPOSED ACQUISITION OF 510,000 ORDINARY SHARES REPRESENTING 51% OF THE TOTAL ISSUED SHARE CAPITAL OF HARVEST SEASON SINGAPORE PTE. LTD.

Where capitalised terms are used in this announcement and not otherwise defined, such capitalised terms shall bear the same meanings as ascribed to them in the Term Sheet Announcement (as defined below).

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**”) of SunMoon Food Company Limited (the “**Company**”) refers to the Company’s announcement dated 27 April 2015 (the “**Term Sheet Announcement**”).
- 1.2 Further to the Term Sheet Announcement, the Board wishes to announce that the Company has on 17 June 2015 entered into the following agreements:-
 - (a) a conditional sale and purchase agreement (“**SPA**”) with Fresh Fresh Pte. Ltd. (a company incorporated in Singapore) (the “**Vendor**”), Mr. Zhang Jiang Quan (“**Mr. Zhang**”), and Mr. Ong Yaw Teh (“**Patrick**”) (Mr. Zhang and Patrick are collectively known as the “**Vendor Warrantors**”) in relation to the acquisition of 510,000 ordinary shares in the share capital of Harvest Season Singapore Pte. Ltd. (“**Harvest Season SG**”) (the “**Sale Shares**”) from the Vendor (the “**Proposed Acquisition**”). The Sale Shares represent 51% of the issued and paid-up share capital of Harvest Season SG, and are legally and beneficially owned by the Vendor as at the date of the SPA; and
 - (b) a joint venture agreement (“**JVA**”) with the Vendor, Vendor Warrantors and Harvest Season SG governing the obligations of the Company, the Vendor, Mr. Zhang and Patrick in relation to the Proposed Joint Venture (as defined in paragraph 2 below).
- 1.3 The Proposed Acquisition shall be conditional upon the satisfaction of the conditions precedent set out in the SPA. Completion of the Proposed Acquisition (“**Completion**”) shall take place on the completion date (“**Completion Date**”), defined as the date falling three (3) business days after the fulfilment of the last of the outstanding conditions precedent or such other date as the parties to the SPA may agree. Please refer to paragraph 3 of this announcement for more details.

2. INFORMATION ON HARVEST SEASON SG

Harvest Season SG is a company incorporated in the Republic of Singapore on 6 February 2015. Harvest Season SG is set up by the Vendor for the proposed joint venture between the Company and Mr. Zhang, of which, Harvest Season SG will have the rights to operate fruit stores under the name of “*Harvest Season Group*” in the PRC (the “**Proposed Joint Venture**”). Harvest Season SG has an issued and paid up capital of S\$100 represented by 100 ordinary shares.

Mr. Zhang operates 6 fruit stores (“**6 Stores**”) under the “*Harvest Season Group*” (“**Harvest Season**”) in and around Shanghai, PRC. Harvest Season is a fast expanding, premium-concept fruit retailer operating 6 Stores in Zhenjiang and Nanjing in the Jiangsu province. The province is home to a population size of more than 100 million and is one of the fastest

growing middle income regions in China. Headquartered in Shanghai, Harvest Season operates complementary online and store-based delivery channels, thereby allowing it to reach out to a wider field of consumers who can benefit from both the convenience of delivery and immediate purchase of fresh, quality fruits from its physical stores. The fresh, stylish and upbeat concept for its stores which sell a combination of imported and domestic fruits, juices and convenience foods attracts all age groups.

3. DETAILS OF THE PROPOSED ACQUISITION

3.1 Conditions Precedent of the Proposed Acquisition

3.1.1 Pursuant to the SPA, completion of the Proposed Acquisition is conditional upon the occurrence of the following:-

- (i) the results of the Company's due diligence exercise, in respect of Harvest Season SG, of the online business carried on by Mr. Zhang in connection with retail and wholesale of fruits in the PRC ("**Online Business**"), and the 6 Stores being satisfactory to the Company in its absolute discretion;
- (ii) delivery to the Company of the balance sheet statement for the 6 Stores setting out the investment cost of the renovation works, fixtures and fittings as at the Completion Date in such format acceptable to the Company in its sole discretion within 60 business days after the date of the SPA and thereafter duly audited by the Company's due diligence auditors confirming that the investment cost of the 6 Stores is not less than S\$0.6 million (or equivalent to RMB 2,766,000 based on the agreed exchange rate of S\$1 to RMB 4.61);
- (iii) each of the Vendor's warranties in the SPA remaining true and not misleading in all material respects as Completion, as if repeated at Completion and at all times between the date of the SPA and Completion;
- (iv) execution and delivery to the Company of a declaration of trust executed by Mr. Zhang declaring that the rights, benefits, assets, profit and loss, burdens and liabilities in the 6 Stores and the Online Business are held on trust for Harvest Season SG to the extent permitted by applicable laws and regulations ("**Declaration of Trust**");
- (v) execution and delivery to the Company of the JVA by the Vendor, Mr. Zhang and Patrick;
- (vi) receipt by Harvest Season SG of S\$3 million in cash into its bank account;
- (vii) Harvest Season SG being duly capitalised by the issuance of 1 million new ordinary shares in exchange for the transfer (to the extent permitted by law) of the beneficial interest in the rights, benefits, assets, profit and loss, burdens and liabilities of the 6 Stores and the payment of the S\$3 million cash to Harvest Season SG;
- (viii) the in-principle listing approval ("**Listing Approval**") of the Consideration Shares (as defined below) being obtained from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and not having been revoked or amended and, where such Listing Approval is subject to conditions, such conditions are fulfilled to the extent they are required to be fulfilled on or before the Completion Date;
- (ix) all waivers, consents, authorisations, approvals, clearances, orders and alike that are necessary or required to be obtained by the Company in connection with the transactions contemplated under the SPA under any and all applicable laws and regulations (including without limitation, those related to the listing rules of the SGX-ST) having been obtained and being in full force;

- (x) if required, the approval of the Company's shareholders being obtained at a general meeting to be convened to approve the transactions contemplated under the SPA.

(the "**Conditions Precedent**")

- 3.1.2 If any of the Conditions Precedent above is not satisfied by 14 September 2015 or such other date as the parties to the SPA may agree in writing ("**Long Stop Date**") and in respect of the Conditions Precedent in paragraphs 3.1(i) to (vii) above not being waived by the Company with or without conditions and at its sole discretion, prior to the Long Stop Date, the SPA will cease and terminate without prejudice to any rights in respect of any prior breach under the SPA.

3.2 Consideration

- 3.2.1 The consideration for the purchase of the Sale Shares ("**Purchase Consideration**") shall be an allotment and issuance to the Vendor on Completion Date of sixty million new ordinary shares in the capital of the Company at the weighted average price of the Company's shares transacted on the market day preceding the date of the SPA (the "**Consideration Shares**").
- 3.2.2 The Consideration Shares constitutes approximately 18.82% of the current issued share capital of the Company as at the date of announcement.
- 3.2.3 An application will be made to the SGX-ST for the listing of and quotation for the Consideration Shares on the main board of the SGX-ST (the "**Main Board**"). An appropriate announcement will be made by the Company upon receipt of the approval in-principle from the SGX-ST for the listing of and quotation for the Consideration Shares on the Main Board.
- 3.2.4 The Consideration Shares when allotted and issued, shall rank *pari passu* in all respects with the then existing issued ordinary shares of the Company as at its date of allotment and issuance.

3.3 Basis for the Consideration

- 3.3.1 The Purchase Consideration was arrived at pursuant to arms' length negotiations between the Company and the Vendor on a willing-buyer willing-seller basis, after taking into account the following factors:
 - (a) the potential growth and market of the fruit wholesale and retail business in PRC;
 - (b) based on S\$0.0518, being the weighted average price of the Company's shares transacted on the market day preceding the date of the SPA, the Purchase Consideration of 60,000,000 Consideration Shares represents approximately S\$3,108,000. Upon completion of the Proposed Acquisition, the net tangible assets of Harvest Season SG is estimated to be about S\$3,600,000 (which comprises cash and the investment cost of the 6 Stores). The Sale Shares pursuant to the Proposed Acquisition represents a majority stake of 51%, which equates to approximately S\$1,836,000. The remaining value of the net tangible assets (equating to S\$1,272,000) represents the goodwill associated with the strong growth potential in this sector in the foreseeable future; and
 - (c) the rationale as elaborated in paragraph 3.4 below.

3.4 Rationale for the Proposed Acquisition

The Company believes that it can tap on and benefit from this growing consumption in PRC of fruit staples in retail and online delivery channels by acquiring a controlling stake in Harvest

Season SG, which will, by Completion, have a cash and NTA position of at least S\$3 million earmarked for working capital and the development of more stores in PRC.

3.5 Relative Figures under Rule 1006 of the Listing Manual

3.5.1 For the purposes of Chapter 10 of the Listing Manual and based on the latest announced audited financial statements for the Company and its subsidiaries (the “**Group**”) for the financial year ended 31 December 2014, the relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006(a) to (e) of the Listing Manual with reference to the Proposed Acquisition are as follows:-

Rule 1006	Basis	Relative Figures
Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value	Not applicable as this is an acquisition
Rule 1006(b)	Net profits attributable to the Proposed Acquisition compared with the Group’s net profits	(0.57)% ⁽¹⁾
Rule 1006(c)	Aggregate value of the consideration given for the Proposed Acquisition, compared with the market capitalisation of the Company	18.40% ^{(2) (3)}
Rule 1006(d)	Number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue	18.82% ⁽⁴⁾
Rule 1006(e)	Aggregate volume of proved and probable reserves to be disposed of compared with the Group’s probable and proved reserves	Not applicable

Notes:

- (1) *The unaudited net profit before income tax, minority interest and extraordinary items of Harvest Season SG and the 6 Stores as at 31 May 2015 is S\$12,000. The audited net loss before income tax, minority interest and extraordinary items of the Group as at 31 December 2014 is S\$2,106,000.*
- (2) *The Company weighted average share price of S\$0.0518 as at 17 June 2015 being the market day preceding the date of the SPA. Source: Bloomberg*
- (3) *The Purchase Consideration for the Sale Shares amounts to an allotment and issuance to the Vendor of 60,000,000 new ordinary shares in the capital of the Company (“**Consideration Shares**”). Pursuant to Rule 1003 read together with Rule 1006(c) of the Listing Manual, the value of the Consideration Shares shall be determined with reference either to (a) the net asset value of the Group based on the latest financial information of the Group i.e. 31 December 2014; or (b) the market value of the Consideration Shares namely the weighted average price being the market day preceding the date of the SPA, whichever is higher. In respect of (i), the net asset value of the Group excluding non-controlling interests as at 31 December 2014 is S\$12,672,000 and the number of issued shares as at 31 December 2014 is 318,784,382 shares and therefore, the net asset value per share is S\$0.03958. As such, the net asset value attributable to the Consideration Shares is **S\$2,374,800** (60,000,000 x S\$0.03958). In respect of (ii), the market value of the Consideration Shares is **S\$3,108,000** being the derivative of the weighted average price of S\$0.0518 multiplied by 60,000,000 Consideration Shares. Based on the above calculations, the value of the Consideration Shares shall be determined by the market value of*

the Consideration Shares, being S\$3,108,000, as this value is higher of the values calculated in (i) and (ii).

(4) 60,000,000 Consideration Shares is proposed to be allotted and issued to Vendor.

3.5.2 Based on the above, the relative figure pursuant to Rule 1006(b) is negative and Rule 1007 provides that Chapter 10 of the Listing Manual may still be applicable at the Exchange's discretion. In this regard, the Company will be consulting the SGX-ST in respect of the Proposed Acquisition.

3.5.3 On Completion, the book value and the net tangible assets attributable to the Sale Shares in the accounts of the Vendor was S\$3,600,000. The net profit attributable to the Sales Shares being acquired is S\$12,000.

3.6 Financial Effects of the Proposed Acquisition

For purposes of illustration, the financial effects of the Proposed Acquisition are based on, *inter alia*, the following assumptions:-

- (a) the financial effects of the Proposed Acquisition are purely for illustrative purposes and should not be taken as an indication of the actual financial performance or position of the Group following the Proposed Acquisition nor a projection of the future financial performance or position of the Group after Completion;
- (b) for the purpose of computing the financial effects of the Proposed Acquisition on the earnings of the Group, the Proposed Acquisition is assumed to have been effected on 1 January 2014 (for the FY2014) and on 1 January 2015 (for 1Q2015);
- (c) for the purpose of computing the financial effects of the Proposed Acquisition on the NTA of the Group, the Proposed Acquisition is assumed to have been effected on 31 December 2014 (for the FY2014 results) and 31 March 2015 (for the 1Q2015 Results); and
- (d) the financial effects of the Proposed Acquisition are based on the Group's audited financial statements for the financial year ended 31 December 2014 and the Group's unaudited financial statement for the financial quarter ended 31 March 2015 (as the case may be).

Net Tangible Assets ("NTA")

As at 31 December 2014

	Before the Proposed Acquisition	After the Proposed Acquisition ⁽¹⁾
NTA	S\$12,672,000	S\$14,508,000
No. of shares	318,784,382	378,784,382 ⁽²⁾
NTA per share (Singapore cents)	3.975	3.830

Notes:

(1) Assumed Completion where Harvest Season SG will have S\$3,600,000 cash.

(2) Assumed issuance of 60,000,000 Consideration Shares on 31 December 2014.

As at 31 March 2015

	Before the Proposed Acquisition	After the Proposed Acquisition⁽¹⁾
NTA	S\$13,201,000	S\$15,037,000
No. of shares	318,784,382	378,784,382 ⁽²⁾
NTA per share (Singapore cents)	4.141	3.970

Notes:

- (1) Assumed Completion where Harvest Season SG will have S\$3,600,000 cash.
(2) Assumed issuance of 60,000,000 Consideration Shares on 31 March 2015.

Earnings per Share ("EPS")

For financial year ended 31 December 2014

	Before the Proposed Acquisition⁽¹⁾	After the Proposed Acquisition⁽³⁾
Net profit attributable to shareholders	S\$(2,106,000)	S\$(2,094,000) ⁽²⁾
Weighted average number of shares used	318,784,382	323,784,382 ⁽⁴⁾
Basic EPS (Singapore cents)	(0.66)	(0.65)

Notes:

- (1) Based on Group's audited financial result as at 31 December 2014.
(2) Assumed the present earnings of the 6 Stores on 1 January 2014.
(3) Assumed Completion where Harvest Season SG will have S\$3,600,000 cash.
(4) Assumed issuance of 60,000,000 Consideration Shares on 31 December 2014.

For period ended 31 March 2015

	Before the Proposed Acquisition⁽¹⁾	After the Proposed Acquisition⁽³⁾
Net profit attributable to shareholders	S\$74,000	S\$86,000 ⁽²⁾
Weighted average number of shares used	318,784,382	341,184,382 ⁽⁴⁾
Basic EPS (Singapore cents)	0.023	0.025

Notes:

- (1) Based on Group's unaudited financial result as at 31 March 2015.
(2) Assumed the present earnings of the 6 Stores on 1 January 2015.
(3) Assumed Completion where Harvest Season SG will have S\$3,600,000 cash.
(4) Assumed issuance of 60,000,000 Consideration Shares on 31 March 2015.

4. DETAILS OF THE PROPOSED JOINT VENTURE

- 4.1 Pursuant to the Proposed Joint Venture, the Company has entered into the JVA with the Vendor, Vendor Warrantors and Harvest Season SG which governs the obligations of the Company, the Vendor, Mr. Zhang and Patrick.

The salient terms of the JVA are set out below.

4.2 Directors and management of Harvest Season SG

- (a) The Company shall have majority representation on the board of directors of Harvest Season SG ("**Harvest Season SG Board**"). The Vendor shall be entitled to nominate two (2) representatives as directors to the Harvest Season SG Board.
- (b) The Harvest Season SG Board shall be responsible for the overall management including setting business strategy and financial policies and budget for the Harvest Season Singapore and its subsidiaries ("**Harvest Season Group**").
- (c) None of the following actions of Harvest Season SG shall be taken by Harvest Season SG unless approved by at least 70% of the directors of the Harvest Season SG Board:
- (i) (with the exception of the adjustment as described in paragraph 4.3(g) below) the (1) increase, reduction or other alteration to the issued share capital of Harvest Season SG, or (2) issue or grant of any option over the unissued share capital of Harvest Season SG, or (3) issue of any new class of shares in the capital of Harvest Season SG; and
 - (ii) entry by Harvest Season SG into the following transactions, (1) incurrence of any borrowing under any existing or future banking and credit facilities; and (2) granting of any guarantee, indemnity, performance bond, lien, pledge, charge (including fixed and floating charge), mortgage or other security; and (3) the incurrence of any other form of indebtedness, other than in the ordinary course of business.

4.3 Obligations of the Parties

- (a) The Company, Vendor and Vendor Warrantors (the "**Parties**") will cooperate to harness the best practices of the Parties for the profitable operation of wholesale and retail of fresh fruits and products in the PRC for the benefit of the Company.
- (b) Subject to the direction and approval of the Harvest Season SG Board, the Vendor shall be responsible for:-
- (i) expansion of the physical fruit stores in the PRC;
 - (ii) setting up and running of the physical fruit stores; and
 - (iii) the day to day operations regarding operations, sales, purchases, staff and the day-to-day running of the physical fruit stores.
- (c) Subject to the direction and approval of the Harvest Season SG Board, the Company shall be responsible for:-
- (i) implementing financial and internal controls of Harvest Season SG and its subsidiaries ("**Harvest Season Group**");

- (ii) appointing to Harvest Season Group senior financial staff such as a financial controller and other finance personnel deemed appropriate by the Harvest Season SG Board; and
 - (iii) keeping and maintaining all books and financial records of the Harvest Season Group.
- (d) The Vendor may propose to the Harvest Season SG Board a financial controller for Harvest Season Shanghai (as defined below) for the Harvest Season SG Board's deliberation. However, the appointment of a financial controller for Harvest Season Shanghai (as defined below) shall be determined by the Harvest Season SG Board.
- (e) The Company shall as soon as practicable but no later than fourteen (14) days after Completion transfer at the cost of Harvest Season SG, a wholly owned foreign enterprise entity set up by the Company in the PRC ("**Harvest Season Shanghai**") to Harvest Season SG such that it becomes a wholly owned subsidiary of Harvest Season SG.
- (f) The Vendor and Vendor Warrantors shall:-
- (i) no later than 30 September 2015 or such other date as the Parties may agree ("**6 Stores Deadline**") transfer the legal and beneficial interest of all assets in the 6 Stores free from any and all encumbrances to Harvest Season Shanghai;
 - (ii) ensure that Harvest Season Shanghai enters into legally binding and enforceable leases with a residual lease term of at least 12 months so that Harvest Season Shanghai takes over the leases and the operations of the 6 Stores by the 6 Stores Deadline;
 - (iii) account to the Harvest Season Group the rights, benefits, assets and liabilities of the 6 Stores and the Online business from and on the date of the Declaration of Trust up to and including the date on which Harvest Season Shanghai commences operations of the 6 Stores for its own account;
 - (iv) pending implementation of the matters in paragraph 4.3(e)(i) and (ii) above, grant to Harvest Season Group and the Company access to the 6 Stores and the Online Business at any time for review and inspection;
 - (v) transfer to Harvest Season Shanghai the legal and beneficial interest in the intellectual property rights relating to the '*Harvest Season*' name free from all encumbrances by the 6 Stores Deadline; and
 - (vi) transfer to Harvest Season Shanghai the legal and beneficial interest to the Online Business free from encumbrances by the 6 Stores Deadline.
- (g) In the event that paragraph 4.3(e)(ii) above is not fulfilled, the shareholding interest of the Vendor in the Company shall be adjusted as follows:-
- (i) It is agreed that each of the 6 Stores has 4% shareholding interest of Harvest Season SG attributed to it.
 - (ii) Hence, for each of the 6 Stores for which Harvest Season Shanghai does not acquire the lease on the terms set out in paragraph 4.3(e)(ii) above, the Vendor's shareholding of 49% will be reduced by 4%. The dilution will be effected by the issuance of such number of new shares in Harvest Season SG to the Company to result in the above dilution to the Vendor's shareholding.

4.4 Put and Call Options

4.4.1 As provided in the JVA, the Vendor shall have the option to put and the Company shall have the option to call Option Shares (as defined below). For the purposes of this paragraph 4.4,

“**Agreed NPAT**” means the net profit after tax of the Harvest Season Group excluding non-recurring income.

“**Audited NPAT Statement**” means the statement of the Agreed NPAT for the Relevant Period duly audited by the auditors of Harvest Season SG, such statement shall be prepared in accordance with the accounting policies and practices consistently adopted by the Company and its subsidiaries. The cost of the audit shall be paid by the Harvest Season Group.

“**Call Option**” means the right for the Company to purchase from the Vendor, on the terms and subject to the conditions contained in this paragraph 4.4, the Option Shares, at a consideration of the Option Price.

“**CDP**” means the Central Depository Limited.

“**Notice**” means that, depending on the context, a Call Option notice or a Put Option notice, as appropriate.

“**Option Completion**” means completion of an exercise of a Call or Put Option pursuant to this paragraph 4.4 on the Option Completion Date.

“**Option Completion Date**” means the date falling five (5) business days after the service of a Notice unless the payment of the Option Price includes SunMoon Shares in which case Option Completion Date shall be a date falling three (3) business days after the receipt of the Option Consideration Listing Approval.

“**Option Consideration Listing Approval**” means the in principle approval to be issued by the SGX-ST in respect of the new SunMoon Shares to be listed and quoted on the Main Board of SGX-ST.

“**Option Period**” means to an option period, which shall be at any time after twelve months from the completion of the SPA and being a six (6) months option period commencing from the date of the Audited NPAT Statement, within which a one-time exercise of the Call Option or the Put Option may be made. For the avoidance of doubt, there is only one Option Period.

“**Option Price**” means S\$5 million for all the Option Shares.

“**Option Shares**” means such number of shares legally and beneficially owned by the Vendor constituting 10% of the issued share capital of Harvest Season SG at the time of the exercise of the Put Option or the Call Option as the case may be.

“**Option Trigger Events**” mean:-

- (i) The Audited NPAT Statement evidences that the Agreed NPAT for the Relevant Period is not less than S\$10 million; and
- (ii) The Harvest Season Group having at least fifty (50) owned and operated full-sized stores. “Full sized stores” means stores occupying a premises whether leased or owned by the Harvest Season Group. Leases shall have a residual term of not less than 12 months at the time when an exercise of the Call or Put Option is made and full sized stores shall not include stalls, counters, push carts.

“**Relevant Period**” means a continuous 12 month period where the last day of the period shall not be more than three months prior to the date of the Audited NPAT Statement.

“**Put Option**” refers to the right for the Vendor to require the Company to purchase from the Vendor, on the terms and subject to the conditions contained in this paragraph 4.4, the Option

Shares, at a consideration of the Option Price.

“Securities Account” means the securities account of a securities account holder maintained with CDP but does not include a securities sub-account.

“SunMoon Price” means a price which is at a 10% discount to the volume-weighted average price of SunMoon Shares trade on the SGX-ST for a period of three months preceding the date of the relevant Notice from the Company or Vendor as the case may be.

“SunMoon Shares” means the ordinary shares of the Company which can be existing shares in the Company or new shares in the Company as determined by the Company.

(a) Put Option

The Company irrevocably grants to the Vendor during the Option Period, the Put Option to require the Company to purchase from the Vendor the Option Shares, at a consideration of the Option Price.

The Put Option may be exercised by the Vendor at any time in respect of all and not some of the Option Shares during the option Period, by serving on the Company a relevant Notice. The Put Option may not in any event be exercised if the Call Option has already been exercised. The Put Option shall not be exercisable during the Option Period unless both the Option Trigger Events are fulfilled.

(b) Call Option

The Vendor irrevocably grants to the Company during the Option Period, the Call Option to purchase from the Vendor the Option Shares, at a consideration of the Option Price.

The Call Option may be exercised by the Company at any time in respect of all and not some of the Option Shares during the Option Period, by serving on the Vendor a relevant Notice. The Call Option may not in any event be exercised if the Put Option has already been exercised. The Call Option shall not be exercisable during the Option Period unless both the Option Trigger Events are fulfilled.

(c) The Company may elect to pay for the Option Price by way of cash or SunMoon Shares or a combination of both. The Company shall notify the Vendor of its election within three (3) business days of service of the Notice from the Vendor and in the case of the Company serving a Notice to the Vendor pursuant to an exercise of the Call Option by the Company, the election shall be stated in the Notice. Each SunMoon Share shall be valued at the SunMoon Price. The Vendor shall within five (5) business days of notice of such election, furnish the Company with the details of its Securities Account.

(d) Where payment of the Option Price comprises new SunMoon Shares, the Company shall within five (5) business days of the election referred to in paragraph 4.3(c) apply for the listing and quotation of any new SunMoon Share and shall use reasonable endeavours to facilitate the grant of the Option Consideration Listing Approval from the SGX-ST as soon as reasonably practicable. The Vendor shall furnish to the Company such information, execute such documents as the SGX-ST or the Company deems necessary or desirable so as to obtain the Option Consideration Listing Approval.

4.5 Financing

(a) The working capital requirements of Harvest Season SG shall be met from time to time by:-

(i) first, the internal resources of Harvest Season SG;

- (ii) where such internal resources are exhausted or unavailable or insufficient, advances and credit from financial institutions and other third party sources;
 - (iii) where such advances and credit are exhausted or unavailable or insufficient, by loan from the shareholders of Harvest Season SG ("**Harvest Season SG Shareholders**") ("**Shareholders' Loan**").
- (b) To the extent that guarantees or other securities are required in respect of any external borrowings of Harvest Season SG, they shall, if required, be furnished by the Harvest Season SG Shareholders severally in proportion to their then respective shareholdings in Harvest Season SG. The Harvest Season SG Shareholders agree as between each of them, the maximum liability that they shall each bear under any guarantee or security shall be proportionate to their respective shareholdings then in Harvest Season SG.
- (c) Unless otherwise agreed between the Harvest Season SG Shareholders, all Shareholders' Loans shall be:-
- (i) unsecured;
 - (ii) made by the Harvest Season SG Shareholders in proportion to their respective prevailing shareholdings;
 - (iii) repaid on a simultaneous and equal pro-rata basis as and when the Company has available cash; and
 - (iv) bearing such interest as may be determined by the Harvest Season SG Board.
- (d) Without prejudice to the rights of Harvest Season SG and the other Harvest Season SG Shareholders due to a Harvest Season SG Shareholder's failure to advance loans pursuant to paragraph 4.4(a) above, in the event financing is to be made by way of Shareholders' Loan and one or more Harvest Season SG Shareholders are unwilling or unable to advance their proportion of the Shareholders' Loan either in full or part ("**Balance Shareholders' Loan**"), the following shall apply:-
- (i) The remaining willing Harvest Season SG Shareholders may advance the Balance Shareholders' Loan proportionate to their shareholding between the willing Harvest Season SG Shareholders;
 - (ii) If not all of the remaining Harvest Season SG Shareholders advance their parts of the Balance Shareholders' Loan, the remaining sums from the Balance Shareholders' Loan shall be re-offered to the Harvest Season SG Shareholders who advanced their parts of the Balance Shareholders' Loan and this process shall be repeated until the entire sum of the Shareholders' Loan is obtained or until no Shareholder is willing to extend any more loans, as the case may be.

5 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Other than through their respective shareholdings in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company) in the Proposed Acquisition and the Proposed Joint Venture.

6 SERVICE AGREEMENT(S)

No person is proposed to be appointed to the Board in connection with the Proposed Acquisition and the Proposed Joint Venture and accordingly, no service contract in relation thereto will be entered into between the Company and any such person.

7 DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA and JVA will be made available for inspection during normal business hours at the Company's registered office at 1 Scotts Road, #21-07/08, Singapore 228208 for a period of three (3) months commencing from the date of this announcement.

8 FOLLOW UP ANNOUNCEMENT/FURTHER INFORMATION

The Company will make the necessary follow-up announcement(s) as and when required and/or material developments arise in respect of the Proposed Acquisition and the Proposed Joint Venture.

In the meantime, the Board wishes to advise shareholders of the Company and potential investors to exercise caution in their dealings in shares of the Company, and where in doubt as to the action they should take, they should consult their financial, tax and other advisers.

BY ORDER OF THE BOARD

Mr Gary Loh Hock Chuan
Executive Chairman

17 June 2015