



## SUNMOON FOOD COMPANY LIMITED

Registration No. 198304656K  
(the "Company")

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### PROPOSED ACQUISITION OF ORDINARY SHARES REPRESENTING 12% OF THE TOTAL ISSUED SHARE CAPITAL OF HARVEST SEASON SINGAPORE PTE. LTD.

#### - ENTERING INTO HS DEED

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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 Company's announcement dated 10 February 2016 ("**Launch Announcement**").

The Company refers to the announcements made on 10 February, 19 February, 29 February and 2 June 2016 in respect of the Proposed Acquisition.

The Company wishes to announce that it has on 12 November 2016 entered into a deed with Tony, SMDT and Shanghai Chibin to, *inter alia*, amend the SPA on the terms set out in paragraph 2 below ("**HS Deed**").

#### 1. BACKGROUND

As mentioned in the Launch Announcement, SMDT is a supplier of fresh fruits and fruit-related products, and its distribution network in the PRC includes Shanghai Chibin. The fresh fruits and fruit-related products sold and distributed to Shanghai Chibin since January 2015 included frozen durians.

Shanghai Chibin had discovered that some of the frozen durians supplied by SMDT are damaged and thereafter notified SMDT. This has subsequently been traced to packaging flaws in the packing of the frozen durians. As such, Shanghai Chibin has requested that SMDT re-purchase all unsold frozen durians supplied to Shanghai Chibin. SMDT and the Company have agreed to do so because SMDT, as the supplier of the frozen durians, is responsible for the packaging flaws, and the Company has to protect the integrity of the SunMoon brand.

As at the date of this announcement, SMDT and Shanghai Chibin are still ascertaining the total amount of frozen durians to be re-purchased by SMDT as the frozen durians have already been distributed by Shanghai Chibin to different locations in China and it is unclear how many frozen durians have already been sold.

The Company and Tony agreed that pending the determination of the amount of frozen durians to be re-purchased by SMDT, they will (subject to the fulfilment of the Conditions Precedent) proceed to complete the Proposed Acquisition.

#### 2. SALIENT TERMS OF THE HS DEED

Pursuant to the HS Deed, SMDT will re-purchase from Shanghai Chibin the unsold frozen durians on such date(s) as shall be ascertained and agreed upon between SMDT and Shanghai Chibin. The re-purchase price of the frozen durians shall be the aggregate of the Cost of Goods and the Administrative Charges. "**Administrative Charges**" means the value of administrative charges to be paid by SMDT to Shanghai Chibin, such administrative charges (which include handling, storage and transport costs) incurred by Shanghai Chibin in

connection with the supply and return of the frozen durians. “**Cost of Goods**” means the actual cost charged by SMDT to Shanghai Chibin in respect of the supply of the frozen durians, which is US\$450,000 for all the frozen durians supplied to Shanghai Chibin.

Shanghai Chibin has informed SMDT that the aggregate of the Cost of Goods and the Administrative Charges in respect of the unsold frozen durians to be re-purchased by SMDT amounts to US\$488,207.50. SDMT has in-principle agreed to the amount, subject to the relevant supporting documents and evidence produced by Shanghai Chibin to verify the amount to the satisfaction of SMDT and the Company.

Against delivery by Shanghai Chibin to SMDT of the frozen durians to be re-purchased, the Company shall be obliged to transfer to Tony and Tony shall be obliged to accept the relevant number of Sale Shares on a pro-rata basis, and the re-purchase price shall be deemed settled.

To the extent as described in this paragraph 2, the SPA has been amended by the HS Deed.

### **3. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the HS Deed 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.

#### **BY ORDER OF THE BOARD**

Mr Gary Loh Hock Chuan  
Director

12 November 2016