

CIRCULAR DATED 22 DECEMBER 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your Shares, you should forward this Circular, the Notice of Extraordinary General Meeting and the enclosed Proxy Form immediately to the purchaser or transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular. Approval by the SGX-ST is not to be taken as an indication of the merits of the Proposed Transactions (as defined herein), the Company, its subsidiaries and/or their securities.

Capitalised terms appearing on the cover of this Circular have the same meanings as defined in the section entitled "**Definitions**".



CIRCULAR TO SHAREHOLDERS

in relation to

- (1) THE PROPOSED SHAREHOLDERS' RATIFICATION AND APPROVAL OF RECURRENT INTERESTED PERSONS TRANSACTIONS; AND**
- (2) THE PROPOSED REINSTATEMENT OF THE 2017 IPT GENERAL MANDATE.**

**Independent Financial Adviser in relation to
Proposed Reinstatement IPT General Mandate**



PROVENANCE CAPITAL
PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	9 January 2018 at 2:30 p.m.
Date and time of Extraordinary General Meeting	:	11 January 2018 at 2:30 p.m. (or soon thereafter as the extraordinary general meeting of the Company on the same day and at the same place at 2:00 p.m. shall have concluded or shall have been adjourned)
Place of Extraordinary General Meeting	:	Conference Room 1 55 Market Street #03-01 Singapore 048941

This page has been intentionally left blank.

CONTENTS

	Page
DEFINITIONS.....	2
1 INTRODUCTION	5
2 THE PROPOSED TRANSACTIONS	6
3 PROPOSED RATIFICATION AND APPROVAL OF RECURRENT IPTS	10
4 PROPOSED REINSTATEMENT IPT GENERAL MANDATE.....	14
5 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS.....	21
6 EXTRAORDINARY GENERAL MEETING	22
7 CONSENT	22
8 DIRECTORS' RECOMMENDATION.....	22
9 ABSTENTION FROM VOTING.....	23
10 ACTION TO BE TAKEN BY SHAREHOLDERS	24
11 DIRECTORS' RESPONSIBILITY STATEMENT	24
12 DOCUMENTS AVAILABLE FOR INSPECTION	24
APPENDIX A – IFA LETTER (DECEMBER 2017)	25
APPENDIX B – IFA LETTER (MAY 2017)	30
NOTICE OF EXTRAORDINARY GENERAL MEETING	71
PROXY FORM	

DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires:

“2017 AGM”	:	The Company’s annual general meeting held on 28 July 2017
“2017 IPT General Mandate”	:	The general mandate, pursuant to Chapter 9 of the Listing Manual for the Group to enter into the IPTs with the Interested Persons, obtained at the Company’s extraordinary general meeting held on 16 June 2017, the details of which are set out under Section 2.1.1 of this Circular
“Audited FY2016/17 NTA”	:	Means the Group’s audited NTA as at 31 March 2017 of approximately S\$4,380,000
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 22 December 2017
“Company”	:	SunMoon Food Company Limited
“Companies Act”	:	The Companies Act (Chapter 50) of Singapore as amended, supplemented or modified from time to time
“Director”	:	A director of the Company for the time being
“EGM”	:	The extraordinary general meeting of the Company, notice of which is set out on pages 71 to 73 of this Circular
“Group”	:	The Company and its subsidiaries
“IFA” or “Independent Financial Adviser”	:	Provenance Capital Pte. Ltd., being the independent financial adviser in connection with the Proposed Reinstatement IPT General Mandate
“IFA Letter (May 2017)”	:	The letter dated 30 May 2017 from the IFA to the board of directors (then) as set out in Appendix B , to this Circular
“IFA Letter (December 2017)”	:	The letter dated 22 December 2017 from the IFA to the IPT Recommending Directors as set out in Appendix A , to this Circular
“Interested Persons”	:	Has the meaning ascribed to it in Section 3.1.2 of this Circular
“Interested Persons Transactions” or “IPTs”	:	Has the meaning ascribed to it in Section 4.3 of this Circular
“IPT 2017 Circular”	:	The circular to Shareholders dated 30 May 2017 in relation to, <i>inter alia</i> , the 2017 IPT General Mandate

DEFINITIONS

“IPT Independent Shareholders”	:	Shareholders who are deemed independent for the Proposed Transactions
“IPT Recommending Directors”	:	The Directors who are regarded as independent for the purpose of the Listing Manual and the Proposed Transactions, namely Mr Gary Loh Hock Chuan, Mr James Prideaux, Ms Ng Bie Tjin @Djuniarti Intan and Mr Yang Guang
“Latest Practicable Date”	:	15 December 2017, being the Latest Practicable Date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as amended, supplemented or modified from time to time
“Notice of EGM”	:	The notice of the EGM which is set out on pages 71 to 73 of this Circular
“NTA”	:	Net tangible assets
“Recurrent IPTs”	:	The Interested Persons Transactions entered into between the Group and the entities within the Yiguo Group for the Relevant Period
“Relevant Period”	:	The time period from the conclusion of the 2017 AGM up to and including the conclusion of this EGM
“Proposed Ratification and Approval of Recurrent IPTs”	:	The proposed ratification and approval of the Recurrent IPTs, which occurred or will occur during the Relevant Period and which are subject to Shareholders’ approval at the EGM, details of which are set out under Section 3 of this Circular
“Proposed Reinstatement IPT General Mandate”	:	The proposed reinstatement of the 2017 IPT General Mandate pursuant to Chapter 9 of the Listing Manual for the Group to enter into the IPTs with the Interested Persons, details of which are set out under Section 4 of this Circular
“Proposed Transactions”	:	Means collectively, the Proposed Reinstatement IPT General Mandate and the Proposed Ratification and Approval of Recurrent IPTs
“Shareholders”	:	The registered holders of the Shares, except where the registered depositor is CDP, the term “Shareholders” shall, in relation to such shareholders, means the persons to whose securities accounts maintained with CDP are credited with the Shares
“Shares”	:	Ordinary shares in the capital of the Company
“YiGuo”	:	Shanghai YIGUO E-Commerce Co., Ltd

DEFINITIONS

“Yiguo Group” : Means Shanghai YIGUO E-Commerce Co., Ltd, its subsidiaries, its associated companies and its associates (as defined in the Listing Manual)

“%” or “per cent.” : Percentage or per centum

The expressions **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA. The term **“subsidiary”** has the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA, the Listing Manual or any relevant laws of the Republic of Singapore or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the Listing Manual or any relevant laws of the Republic of Singapore or any statutory modification thereof as the case may be, unless the context requires otherwise.

Any reference to a time of day in this Circular shall be a reference to Singapore time, unless otherwise stated.

Any discrepancies in the tables included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

LETTER TO SHAREHOLDERS

SUNMOON FOOD COMPANY LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198304656K)

Directors:

Mr James Prideaux (Chairman and Lead Independent Director)
Mr Gary Loh Hock Chuan (Deputy Chairman)
Ms Ng Bie Tjin @Djuniarti Intan (Independent Director)
Mr Yang Guang (Independent Director)
Mr Yu Liang (Non-Independent Non-Executive Director)
Mr Wang Yaobin (Non-Independent Non-Executive Director)
Mr Shum Ka Shat (Non-Independent Non-Executive Director)
Ms Wang Ai (Non-Independent Non-Executive Director)

Registered Office:

1 Scotts Road
#21-07/08, Shaw Centre
Singapore 228208

Date: 22 December 2017

To: The Shareholders of SunMoon Food Company Limited

Dear Sir/Madam

- (1) **THE PROPOSED SHAREHOLDERS' RATIFICATION AND APPROVAL OF RECURRENT INTERESTED PERSONS TRANSACTIONS; AND**
- (2) **THE PROPOSED REINSTATEMENT OF THE 2017 IPT GENERAL MANDATE.**

1 INTRODUCTION

1.1 The Directors proposed to convene an EGM to be held on 11 January 2018 to seek Shareholders' approval for the Proposed Transactions, being:

- (1) the **Proposed Ratification and Approval of Recurrent IPTs**, the details of which are set out in Section 3 of this Circular; and
- (2) the **Proposed Reinstatement IPT General Mandate**, the details of which are set out in Section 4 of this Circular,

(collectively, the "**Proposed Transactions**").

1.2 The purpose of this Circular is to provide Shareholders with information in respect of the matters set out in Section 1.1 above, and to seek approval of Shareholders at the EGM for the matters set out in the Notice of EGM on pages 71 to 73 of this Circular.

For the avoidance of doubt, Shareholders should note that the passing of each Ordinary Resolution is not inter-conditional on the passing of the other Ordinary Resolutions.

The SGX-ST assumes no responsibility for the accuracy of any statements made, reports contained or opinions expressed in this Circular.

LETTER TO SHAREHOLDERS

2 THE PROPOSED TRANSACTIONS

2.1 Background

2.1.1 Proposed Ratification and Approval of Recurrent IPTs

The Company had, in the Company's extraordinary general meeting held on 16 June 2017, obtained approval of the Shareholders for the 2017 IPT General Mandate to enter into recurrent IPTs with Yiguo Group pursuant to Chapter 9 of the Listing Manual. Particulars of the 2017 IPT General Mandate were set out in the IPT 2017 Circular.

As announced by the Company on 1 September 2017, the 2017 IPT General Mandate had continued in force until the conclusion of the Company's 2017 AGM held on 28 July 2017, where the Company had inadvertently omitted to renew the 2017 IPT General Mandate. Accordingly, the 2017 IPT General Mandate had lapsed and the past IPTs with the Yiguo Group, which have occurred and is continuing to occur since the expiration of the 2017 IPT General Mandate, were or will be carried out without any Shareholders' mandate.

For reasons explained in Sections 3.3 and 4.4 below, the Board has decided that pending IPT Independent Shareholders' deliberation of the Proposed Reinstatement IPT General Mandate and notwithstanding the lapsing of the 2017 IPT General Mandate, the Company will continue to transact with the Yiguo Group in respect of the Recurrent IPTs. Shareholders are to note that if the Proposed Reinstatement IPT General Mandate is not approved at the EGM, the Company will have no alternative but to cease transacting with the Yiguo Group in respect of the Recurrent IPTs. For more details on the rationale, please refer to Section 3.3 below.

On the aggregated basis, the Recurrent IPTs entered into by the Group and the Yiguo Group from 29 July 2017 to the Latest Practicable Date is valued at S\$10,606,000 which represents approximately two hundred and forty two percent (242%) of the Group's audited NTA as at 31 March 2017 of approximately S\$4,380,000 ("**Audited FY2016/17 NTA**"). Accordingly, the Company is seeking Shareholders' ratification and approval of the Recurrent IPTs which occurred or will occur during the Relevant Period (the "**Proposed Ratification and Approval of Recurrent IPTs**").

As at the Latest Practicable Date, the Recurrent IPTs relates to the sale of fresh fruits by the Company to the Yiguo Group (please refer to Section 3.2 for a detailed breakdown of the Recurrent IPTs). Moving forward, the Company may purchase fresh fruits and vegetables (of Chinese origins), such as Chinese pomelos, Chinese lychees, Chinese pineapples and Chinese vegetables, from the Yiguo Group. The Company believes that such purchases will increase the Company's fresh fruit selection offerings to its customers. For the avoidance of doubt, the fresh fruits that are sold to Yiguo Group under the Proposed Reinstatement IPT General Mandate are of non-Chinese origin only. When appropriate, the Company will make the necessary disclosures on its plans to purchase fresh fruits and vegetables (of Chinese origins) from the Yiguo Group. For more details, Shareholders may refer to Section 4.3 on the nature and scope of the Interested Persons Transactions.

LETTER TO SHAREHOLDERS

2.1.2 Proposed Reinstatement of IPT General Mandate

As announced by the Company on 1 September 2017, the Company anticipates that in the ordinary course of business, transactions of a revenue or trading nature between companies in the Group and Yiguo Group are likely to occur on a recurrent basis, and is necessary for the Group's operations. Accordingly, the Company is also seeking Shareholders' approval for the Proposed Reinstatement IPT General Mandate for future IPTs with Yiguo Group, provided such IPTs are carried on normal commercial terms and will not be prejudicial to the Company and/or its minority Shareholders.

2.2 Chapter 9 of the Listing Manual

Chapter 9 of the Listing Manual applies to transactions which a company listed on the SGX-ST or any of its subsidiaries or associated companies, which is considered to be an "entity at risk" within the meaning of Rule 904(2) of the Listing Manual, proposes to enter into with a counter-party who is an interested person of the listed corporation within the meaning of Rule 904(4) of the Listing Manual.

2.2.1 Definitions under Chapter 9 of the Listing Manual

The following definitions are contained in the Listing Manual:

- (a) An "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Listing Manual.
- (b) An "**associate**" in relation to any director, chief executive officer, substantial shareholder or controlling shareholder means (i) his immediate family (that is, his spouse, child, adopted child, step-child, sibling or parent), (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more, and, in relation to a substantial shareholder or a controlling shareholder which is a company, means its subsidiary or holding company or a subsidiary of such holding company or a company in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
- (c) An "**associated company**" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or the group.
- (d) A "**controlling shareholder**" means a person who holds (directly or indirectly) 15% or more of the total number of issued shares excluding treasury shares and subsidiary holdings in the company or one who in fact exercises control over the company.
- (e) An "**entity at risk**" means:
 - (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

LETTER TO SHAREHOLDERS

- (iii) an associated company of the listed group that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;
- (f) An “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.
- (g) An “**interested person transaction**” means a transaction between an entity at risk and an interested person.

2.2.2 Materiality Thresholds, Disclosure Requirements and Shareholders’ Approval

An immediate announcement and/or Shareholders’ approval would be required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds.

Rule 905 of the Listing Manual states that a listed company must make an immediate announcement of any interested person transaction of a value equal to, or more than, 3% of the group’s latest audited consolidated net tangible assets, or if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the group’s latest audited consolidated net tangible assets, the listed company must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year.

Rule 906 of the Listing Manual states that a listed company must also obtain shareholder approval for any interested person transaction of a value equal to, or more than (i) 5% of the group’s latest audited consolidated net tangible assets; or (ii) 5% of the group’s latest audited consolidated net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

Rule 920 of the Listing Manual also permits a listed company to seek a mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses, that may be carried out with the interested persons. Transactions conducted under such a mandate are not subject to Rules 905 and 906 of the Listing Manual. The general mandate is subject to annual renewal.

2.2.3 Excluded transactions

In line with the rules set out in Chapter 9 of the Listing Manual, a transaction with a value of less than S\$100,000 is not considered material and is not taken into account for the purposes of this Circular.

LETTER TO SHAREHOLDERS

2.2.4 Circular requirements

Pursuant to Rule 920(1)(b) of the Listing Manual, this Circular seeking the approval of the Shareholders in relation to the Proposed Ratification and Approval of Recurrent IPTs and Proposed Reinstatement IPT General Mandate must include:

- (a) the class of interested persons with which the Group will be transacting;
- (b) the nature of the transactions contemplated under the Proposed Transactions;
- (c) the rationale for, and benefit to, the Group;
- (d) the methods or procedures for determining transaction prices;
- (e) the IFA's opinion on whether the methods or procedures in Section 4.5 of this Circular are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders;
- (f) an opinion from the audit committee if it takes a different view to the IFA;
- (g) a statement from the Company that it will obtain a fresh mandate from Shareholders if the methods or procedures in Section 4.5 of this Circular become inappropriate; and
- (h) a statement that the interested person will abstain and has undertaken to ensure that its associates will abstain from voting on the resolution approving the transaction.

2.2.5 Illustration

For illustration purposes, based on the Group's latest audited accounts for the financial year ended 31 March 2017, the Group's latest Audited FY2016/17 NTA is approximately S\$4,380,000. Accordingly, in relation to the Group, for the purposes of Chapter 9 in the current financial year, Shareholders' approval would be required where:

- (a) an IPT which is of a value equal to, or more than, approximately S\$219,000, being five per cent. (5.0%) of the Group's latest Audited FY2016/17 NTA; or
- (b) an interested person transaction, when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, approximately S\$219,000. The aggregation will exclude any IPT(s) that has been approved by Shareholders previously, or is the subject of aggregation with another IPT that has been approved by Shareholders.

2.2.6 Disclosure requirements under Rule 905 of the Listing Manual

As mentioned in Section 2.1.1 of this Circular, the failure to renew the 2017 IPT General Mandate in the 2017 AGM was an inadvertent omission on the part of the Company.

Upon discovery of its inadvertent oversight, the Company had promptly released an announcement via the SGX-NET on 1 September 2017 informing Shareholders that the Company intends to convene an EGM to seek Shareholders' approval for the Proposed

LETTER TO SHAREHOLDERS

Ratification and Approval of Recurrent IPTs. The Company had also included, in the same announcement, the details and value of all the Recurrent IPTs entered into between the Group and Yiguo Group.

Since then the Company has been busy preparing this Circular such as, collating, verifying and finalising the required information, so as to obtain Shareholders' approvals for the Proposed Ratification and Approval of Recurrent IPTs and the Proposed Reinstatement of IPT General Mandate as soon as possible.

Nevertheless, the Company has been continuously updating its shareholders on the status of its IPTs with Yiguo Group through its first and second quarter financial statement announcement released on 11 August 2017 and 13 November 2017, respectively.

Details of the Recurrent IPTs (including those information required to be included in an immediate announcement pursuant to Rule 917 of the Listing Manual) are set out in Section 3.2 of this Circular.

3 PROPOSED RATIFICATION AND APPROVAL OF RECURRENT IPTS

3.1 Details of Interested Person(s)

3.1.1 As at the Latest Practicable Date, YIGUO General Food Pte. Ltd. (being YiGuo's indirect wholly-owned company) owns 400,940,411 Shares of the Company, representing approximately 55.7% of the total issued share capital of the Company. YIGUO General Food Pte. Ltd. is wholly-owned by Shanghai YIGUO Supermarket Co., Ltd., which is in turn wholly-owned by YiGuo. The sole director of YIGUO General Food Pte. Ltd. is Zhang Ye, the chief executive officer of the YiGuo.

3.1.2 Under the 2017 IPT General Mandate, the Interested Persons of the Company, for purposes of Chapter 9 of the Listing Manual are YiGuo, its subsidiaries, its associated companies and its associates (as defined in the Listing Manual) ("**Yiguo Group**" or the "**Interested Persons**").

Given the above, transactions between the Group and entities within YiGuo are IPTs.

3.2 Recurrent IPTs

Details of the Recurrent IPTs (excluding those which are less than S\$100,000) entered into by the Group and Yiguo Group from 27 April 2015 to 31 December 2015, from 1 January 2016 to 31 December 2016, 1 January 2017 to the Latest Practicable Date are set out below.

Shareholders are to note that the Company will, on a date prior to the EGM, release an announcement to update Shareholders on the details of the Recurrent IPTs entered by the Group and Yiguo Group from the Latest Practicable Date to a date (to be determined by the Board) prior to the EGM.

LETTER TO SHAREHOLDERS

The Group and the Yiguo Group began a trading relationship, comprising the sale by the Group to the Yiguo Group of fresh fruits (comprising coconut, blueberries, dragon fruit and oranges) and frozen durian, in October 2015. Other than sales, there were no other transactions between the Group and the Yiguo Group in the financial year ended 31 March 2017.

Interested Persons	Nature of IPTs	Aggregate value of all Recurrent IPTs from 1 April 2017 (being the commencement of the financial year ended 31 March 2018) to 28 July 2017 (being the date of the 2017 AGM)	Aggregate value of all Recurrent IPTs from 1 April 2017 to 28 July 2017 as a percentage against the Audited FY2016/17 NTA	Aggregate value of all Recurrent IPTs from 29 July 2017 (being the lapse of the 2017 IPT General Mandate) to the Latest Practicable Date	Aggregate value of all Recurrent IPTs from 29 July 2017 to the Latest Practicable Date as a percentage against the Audited FY2016/17 NTA
ShangHai Yiguo Supermarket Co Ltd	Sale of fresh fruits from SunMoon Distribution & Trading Pte Ltd to ShangHai Yiguo Supermarket Co Ltd	S\$3,966,000 ⁽¹⁾	90.5% ⁽¹⁾	S\$402,000	approximately 9%
YiGuo	Sale of fresh fruits from ShangHai Shan Mai Supplier Chain Management Co Ltd ⁽²⁾ (indirect wholly-owned subsidiary of the Company) to YiGuo	— ⁽²⁾	— ⁽²⁾	S\$10,204,000 ⁽²⁾	approximately 233%

Notes:

- (1) For avoidance of doubt, Shareholders are to note that the interested persons transactions with the Yiguo Group for the period between 1 April 2017 to 28 July 2017 were carried out pursuant to the 2017 IPT General Mandate.
- (2) For Shareholders' information, there were no sales between the Group and ShangHai Shan Mai Supplier Chain Management Co Ltd for the period from 1 April 2017 to 28 July 2017 as ShangHai Shan Mai Supplier Chain Management Co Ltd commenced operations sometime in August 2017.

On an aggregated basis, the Recurrent IPTs from 29 July 2017 to the Latest Practicable Date is valued at S\$10,606,000 which represents approximately two hundred and forty two per cent. (242%) of the Group's Audited FY2016/17 NTA. Accordingly, the approval of the IPT Independent Shareholders is required pursuant to Rule 906(1)(b) of the Listing Manual.

LETTER TO SHAREHOLDERS

3.3 Rationale for, and benefits for, the continuance of the Recurrent IPTs

- 3.3.1 As mentioned in Section 2.2.6 above, the failure to seek Shareholders' approval for renewal of the 2017 IPT General Mandate at its 2017 AGM was a genuine, inadvertent oversight on the part of the Company. As a result, the Recurrent IPTs, which have occurred and will occur since the expiration of the 2017 IPT General Mandate, were carried out without any Shareholders' mandate. Shareholders can refer to Section 3.5 below for the remedial actions taken by the Board to avoid similar inadvertence.
- 3.3.2 In addition, in the Group's ordinary course of business, transactions with the Yiguo Group constitute a core component of the Group's business and operations and occur on a regular basis. The Recurrent IPTs are therefore of a recurring nature necessary to the day-to-day operations of the Group.
- 3.3.3 The Board has deliberated on whether it should cease the Recurrent IPTs for the time being while the Company takes the necessary steps to convene the EGM to seek Shareholders' approval for the Proposed Reinstatement IPT General Mandate. The Board had seriously considered the fact that such Recurrent IPTs undertaken and to be undertaken by the Group is not in compliance with the Listing Manual. Notwithstanding the above, the Board took the view that it will not be in the best commercial interest of the Group to abruptly cease dealings with the Yiguo Group pending Shareholders' approval of the Proposed Reinstatement IPT General Mandate.

The Recurrent IPTs relate to the sale by the Group to the Yiguo Group of fresh and frozen fruits to meet the online demand for such products generated from the Yiguo Group's online platform offering *inter alia*, the said products to its online customers. As provided in Section 3.2 above, the volume of the Recurrent IPTs from the date of lapsing of the 2017 IPT General Mandate to the Latest Practicable Date is significant and very encouraging from the Group's perspective. This also indicates that the Yiguo Group's growing reliance on the Group to meet its online demand for such products. The Board strongly believes that any abrupt cessation of supply (even temporarily) will severely prejudice the reputation of the Group as a reliable supplier to meet such growing online demand for products which the Group supplies. The Board further believes that such abrupt cessation (even temporarily) may impact the Yiguo Group's ability to satisfy the online demand from its online platform and this may adversely affect the commercial relationship between the Group and the Yiguo Group (notwithstanding that the Company is a subsidiary of the Yiguo Group). This may thereby adversely affect the willingness and confidence of the Yiguo Group to continue to rely on the Group to meet its online demand and therefore, raises doubt as to the ability of the Group to resume the supply of products (or resume the supply in such significant volumes) in the event that Shareholders' approval for the Proposed Reinstatement IPT General Mandate is obtained.

Accordingly, the Board believes that temporarily ceasing such Recurrent IPTs pending the obtaining of Shareholders' approval for the Proposed Reinstatement IPT General Mandate will be highly prejudicial to the interest of the Company, and will not be in the best interest of the Shareholders. **In the circumstances, the Group will continue with the Recurrent IPTs and will seek a ratification and approval of all Recurrent IPTs during the Relevant Period being the period from the conclusion of the 2017 AGM up to and including the conclusion of this EGM.**

Shareholders are to note that if the Proposed Reinstatement IPT General Mandate is not approved at the EGM, the Company will have no alternative but to cease transacting with the Yiguo Group in respect of the Recurrent IPTs.

LETTER TO SHAREHOLDERS

- 3.3.4 In view of the above, the Board also proposes the Proposed Reinstatement IPT Mandate which is intended to facilitate the Recurrent IPTs, provided that they are carried out on normal commercial terms and are not prejudicial to the Company and its minority Shareholders. The Board is of the view that the Group will be able to benefit from such transactions with the Yiguo Group and will benefit from having access to competitive quotes from, or transacting with, the Yiguo Group in respect of services and products procured. The Proposed Reinstatement IPT Mandate will also allow the Group to enjoy economies of scale in the procurement of services and products as the Company would be able to procure services and products from the Yiguo Group on a larger scale without the restrictive thresholds in terms of values imposed by Chapter 9 of the Listing Manual. By acquiring products and services on a larger scale, it would be able to achieve better terms including better and more competitive pricing through economies of scale.

3.4 Opinion of the IFA

Provenance Capital Pte Ltd. was appointed by the Company as the IFA to opine on whether the guidelines and review procedures for the 2017 IPT General Mandate are sufficient to ensure that the Group's transactions with the Yiguo Group will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

In respect of the Proposed Ratification and Approval of Recurrent IPTs, the Company will be relying on the opinion provided by the IFA for the 2017 IPT General Mandate. The IFA Letter (May 2017) is reproduced and appended as **Appendix B** to this Circular. Shareholders are advised to read the IFA Letter (May 2017) carefully.

3.5 Guidelines and review procedures, register of IPTs for Recurrent IPTs

The Group has implemented the guidelines and review procedures as set out in the 2017 IPT General Mandate (which are reproduced in Section 4.5 below) as a basis to ensure that the Recurrent IPTs with the Yiguo Group are undertaken on arm's length basis and on normal commercial terms.

The Group's finance department has maintained and will continue to maintain and update a register of all transactions carried out with the Yiguo Group, including those below S\$100,000 in value until the Proposed Reinstatement of the IPT General Mandate is reinstated. The register contains information pertinent to the evaluation of the Recurrent IPTs such as, but not limited to, the price and terms of Recurrent IPTs, the basis for entering into the Recurrent IPTs and the basis for determining the transaction prices and supporting evidence and quotations obtained to support such bases. In the meantime, all IPTs since the Latest Practicable Date up to the EGM will be reviewed by the Audit and Risk Committee to ensure that the guidelines and review procedures for the IPTs with Yiguo Group (as set out in Section 4.5 below) have been complied with and the relevant approvals have been obtained.

In addition to the implementation of guidelines, review procedures and maintaining of register of all IPTs, the Audit and Risk Committee and the Board will also ensure the implementation of additional measures so as to tightened up the internal processes to avoid recurrence of an inadvertence lapsing of the mandate authorising interested persons transaction as described in this Circular. This will include having proper delegation of responsibilities to, *inter alia*, the management team.

LETTER TO SHAREHOLDERS

3.6 Audit and Risk Committee Statement

The Audit and Risk Committee, save for Mr Wang Yaobin and Ms Wang Ai, has reviewed the Recurrent IPTs (that have occurred from the conclusion of 2017 AGM up to and including the Latest Practicable Date) based on the guidelines and review procedures as set out under Section 4.5 of this Circular. The Audit and Risk Committee, save for Mr Wang Yaobin and Ms Wang Ai, confirms that:

- (a) the methods or procedures for determining transaction prices under the Recurrent IPTs have not changed since 2017 AGM; and
- (b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Shareholders are to note that the Company will on a date prior to the EGM, release an announcement to update Shareholders on the details of the Recurrent IPTs entered by the Group and Yiguo Group from the Latest Practicable Date to a date (to be determined by the Board) prior to the EGM. The Audit and Risk Committee will also review the above mentioned Recurrent IPTs based on the guidelines and review procedures as set out under Section 4.5 of this Circular and will update Shareholders accordingly in the announcement.

3.7 Shareholders' approval

Rule 905(b) of the Listing Manual requires the Company to seek shareholder approval for any interested person transaction of a value equal to, or more than five per cent of the group's latest net tangible assets when aggregated with other transactions entered into with the same interested person during the same financial year.

Shareholders' approval has not been sought for the Recurrent IPTs and the Company now seeks Shareholders' approval to ratify, confirm and approve the Recurrent IPTs from the date of the lapsing of the 2017 IPT General Mandate up to and including the time when Shareholders' approve the Proposed Ratification and Approval of Recurrent IPTs at the EGM. The Company will, on a date prior to the EGM, release an announcement to update Shareholders on the details of the Recurrent IPTs entered by the Group and Yiguo Group from the Latest Practicable Date to a date (to be determined by the Board) prior to the EGM.

4 PROPOSED REINSTATEMENT IPT GENERAL MANDATE

4.1 Entity at risk

For the purposes of the Proposed Reinstatement IPT General Mandate, an "entity at risk" means:

- (a) the Company;
- (b) each of the companies in the Group, being the Company and its subsidiaries; or
- (c) an associated company of the Company, provided that the Group, or the Group and its interested person(s), has control over the associated company.

LETTER TO SHAREHOLDERS

4.2 Classes of interested persons

The Proposed Reinstatement IPT General Mandate will apply to the transactions that are proposed to be carried out between the entities at risk and the Interested Persons (as defined below).

The “**Interested Persons**” are Shanghai YIGUO E-Commerce Co., Ltd, its subsidiaries its associated companies and its associates (as defined in the Listing Manual) (“**Yiguo Group**”).

4.3 Nature and scope of interested person transactions

The Proposed Reinstatement IPT General Mandate will cover transactions relating to the purchase and sale of fruits, vegetables and related products between the Yiguo Group and the Group in the ordinary course of the Group’s business and on a recurrent basis (collectively, the “**Interested Person Transactions**” or “**IPTs**”).

The Proposed Reinstatement IPT General Mandate will cover only such recurrent transactions of a revenue or trading nature or those necessary for the Group’s day-to-day operations, which are entered into in the ordinary course of business. For the avoidance of doubt, any purchase or sale of any assets, undertakings or businesses will not be covered under the Proposed Reinstatement IPT General Mandate.

The Proposed Reinstatement IPT General Mandate will also not cover any transaction, by any member of the Group, with the Yiguo Group, where such transaction is below S\$100,000 in value, as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such transactions.

The Group had sold fruits to the Yiguo Group since October 2015. However, the value of the sales transactions was small. For the financial year ended 31 December 2015, total sales value to the Yiguo Group was approximately S\$49,000 and for the 12-month period ended 31 December 2016, total sales value to the Yiguo Group was approximately S\$522,500. Going forward, the Group also intends to purchase fruits and vegetables from the Yiguo Group. Overall, the Company envisages that the sales and purchase transactions in both value and frequency between the Group and the Yiguo Group will increase significantly. Such transactions may occur in multiple orders in a month, with each order being below S\$100,000 in value.

In view of this, for good order, the Company will aggregate the sales orders and the purchases orders in each month and subject them to the review procedures under the approval matrix as set out in Section 4.5 below.

Transactions with the Yiguo Group that do not fall within the ambit of the Proposed Reinstatement IPT General Mandate will be subject to the requirements of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

LETTER TO SHAREHOLDERS

4.4 Rationale for the Proposed Reinstatement IPT General Mandate

For the rationale, please refer to Section 3.3 above.

In addition to the disclosures at Section 3.3 above, Shareholders are to note that the IPTs as set out in Section 4.3 of this Circular are transactions which the Group has entered into or will enter into in the ordinary course of business. They are recurring transactions which are likely to occur with some degree of frequency or arise at any time and from time to time. The Proposed Reinstatement IPT General Mandate and any subsequent renewal on an annual basis will eliminate the need for the Company to convene separate general meetings from time to time to seek Shareholders' approval as and when potential interested person transactions arise, thereby reducing substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

The Proposed Reinstatement IPT General Mandate is intended to facilitate these transactions, provided that they are carried out on normal commercial terms and are not prejudicial to the Company and its minority Shareholders. The Board is of the view that the Group will be able to benefit from such transactions with the Yiguo Group. The Group will benefit from having access to competitive quotes from, or transacting with, the Yiguo Group in respect of services and products procured. The Proposed Reinstatement IPT General Mandate will also allow the Group to enjoy economies of scale in the procurement of services and products as the Company would be able to procure services and products from the Yiguo Group on a larger scale without the restrictive thresholds in terms of values imposed by Chapter 9 of the Listing Manual. By acquiring products and services on a larger scale, it would be able to achieve better terms including better and more competitive pricing through economies of scale.

Disclosure will be made in the Company's annual report of the aggregate value of transactions conducted pursuant to the Proposed Reinstatement IPT General Mandate and otherwise during the financial year under review, and in the annual reports for the subsequent financial years during which the Proposed Reinstatement IPT General Mandate is renewed and remains in force.

4.5 Guidelines and review procedures for the Interested Person Transactions

4.5.1 Review Procedures

To ensure that the IPTs are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders, the Company will reinstate the following guidelines and review procedures for the IPTs under the Proposed Reinstatement IPT General Mandate:

- (a) Any IPTs where goods are sold by the Group to the Yiguo Group shall be on pricing and terms which are no more favourable to the Yiguo Group than the usual commercial terms and prevailing market rates extended to unrelated third parties. Likewise, any IPTs where goods are sold by the Yiguo Group to the Group shall be on pricing and terms which are no less favourable than the usual commercial terms and prevailing market rates extended by unrelated third parties to the Group.

LETTER TO SHAREHOLDERS

Where possible and practicable, the relevant member of the Group carrying out the IPTs will use its reasonable endeavours to compare the pricing and terms of the IPT with at least two (2) recent contracts or agreements entered into by the Group with unrelated third parties to determine whether the pricing and terms offered to or by the Yiguo Group are in accordance with the Group's usual business practices and policies, and are not more favourable to the Yiguo Group than those extended to or by unrelated third parties. In the event that two (2) recent contracts or agreements are not available as a basis for comparison, the relevant member of the Group shall review and compare the pricing and terms of the IPT on publicly available websites, for example, *www.1mutian.com*. During the review and comparison, the relevant member of the Group shall also take into account factors such as, but not limited to, value of contract, quality and condition of the goods, nature and perishability of the goods, suitability of delivery schedules, duration of contracts, customer requirements, rebates or discounts accorded for bulk sales and/or other relevant specifications of the contract, where applicable.

Where the prevailing market rates are not available for comparison, the pricing and terms of the IPTs will be reviewed and determined by the Audit and Risk Committee as to whether they are consistent with the Group's usual business practices and whether they are arm's length deals on market terms that are beneficial to and in the best interests of the Group. When considering whether the IPTs shall be beneficial to the interests of the Group, factors that may be taken into account include, but are not limited to, value of the contract, quality and condition of the goods, nature and perishability of the goods, suitability of delivery schedules, duration of contracts, customer requirements, rebates or discounts accorded for bulk sales and/or other relevant specifications of the contract, strategic purposes of the transaction, where applicable.

- (b) Before entering into any IPTs, all such transactions will be subject to review and the pre-approval by the relevant approving authorities according to the value of the IPTs as set out in the approval matrix below:

Approval Threshold Limits		
	Value of aggregate monthly Interested Person Transactions	Approving Authorities <i>(each having no interest, direct or indirect, in the Interested Person Transaction)</i>
1.	Less than 5% of the Group's latest audited NTA	Chief Executive Officer and any one Non-Executive Director
2.	Equal to or exceeding 5% of the Group's latest audited NTA	Majority of the Audit and Risk Committee

Based on the Group's past transactions with the YiGuo, transactions with the Yiguo Group may each be below S\$100,000 in value. In which case, pursuant to Chapter 9 of the Listing Manual, these Interested Person Transactions will not be subject to the guideline and review procedures of the Proposed Reinstatement IPT General Mandate.

LETTER TO SHAREHOLDERS

However, as mentioned in Section 4.3 of this Circular, for good order, the Company will aggregate all sales orders received in each month from the Yiguo Group, and all purchase orders sent in each month to the Yiguo Group, including those below S\$100,000 each, and subject them to the review procedures under the approval matrix above.

If the cumulative sales order during the month is equal to or exceeds 5% of the Group's latest audited NTA, then subsequent sales orders during the month will be subject to Approval Threshold 2, that is, the approval of the majority of the Audit and Risk Committee. Sales orders for the following month will restart the aggregation process and be subject to the Approval Threshold 1 until the cumulative sales order reaches 5% or more of the Group's latest audited NTA. The same will apply for purchase orders.

The Company had, on 23 January 2017, announced the change of its financial year from 31 December to 31 March. Hence, if the IPTs are carried out during the financial year ended 31 March 2018 pursuant to the Proposed Reinstatement IPT General Mandate after the audited financial statements of the Group for the financial year ended 31 March 2017 are available, the 5% threshold will be computed based on the Audited FY2016/17 NTA of the Group.

The Audited FY2016/17 NTA of the Group is approximately S\$4,380,000. As an illustration, the 5% threshold will be approximately S\$219,000.

In the event that the Approving Authority has an interest in the IPT under consideration for approval, he shall abstain from reviewing and approving the transaction. Such transaction will be reviewed and approved by the next higher Approving Authority in accordance with the approval matrix above (each having no interest, direct or indirect, in the IPT).

Similarly, in the event that the Approving Authority is not available to review and approve the transaction, such transaction shall be reviewed and approved by the next higher Approving Authority in accordance with the approved matrix above (each having no interest, direct or indirect, in the IPT).

In the event that any member of the Audit and Risk Committee has an interest in the Interested Person Transaction, he shall abstain from reviewing and approving the transaction. Such transaction will be reviewed and approved by the remaining members of the Audit and Risk Committee (each having no interest, direct or indirect, in the IPT).

The Board of Directors are of the view that the approval thresholds based on the value of the IPTs are reasonable having taken into account the values of past transactions and anticipated values of potential transactions in relation to the sales and purchases of goods with the Yiguo Group.

LETTER TO SHAREHOLDERS

4.5.2 Additional Guidelines and Review Procedures

(a) Maintain a register of IPTs

The Group's finance department will maintain and update a register of all transactions carried out with the Yiguo Group, including those below S\$100,000 in value. The basis for entering into the IPTs will also be recorded in the register.

(b) Review by Audit and Risk Committee

Members of the Audit and Risk Committee will review all IPTs on a quarterly basis to ensure that the established guidelines and review procedures for the IPTs have been complied with and the relevant approvals have been obtained.

The Audit and Risk Committee will also review, on a quarterly basis, the established guidelines and review procedures of the IPTs and determine if such guidelines and review procedures continue to be adequate and/or are commercially practicable in ensuring that the IPTs are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. If the Audit and Risk Committee is of the view that the guidelines and review procedures have become inappropriate and/or insufficient to meet such objectives, the Company will seek a fresh mandate from Shareholders based on new guidelines and review procedures for the IPTs.

(c) Review by Internal Auditors

The Group will incorporate a review of all IPTs in its internal audit plan. The internal auditors will review the IPTs to check that the relevant approvals have been obtained and the guidelines and review procedures for the mandated transactions have been adhered to. The internal auditors will forward their review reports to the Audit and Risk Committee.

(d) Review by External Auditors

The Group's external auditors will review the IPTs on a sampling basis as part of the Group's annual audit. The external auditors will report any non-compliance issues noted from the audit sample to the Audit and Risk Committee.

4.6 **Validity period of the Proposed Reinstatement IPT General Mandate**

If approved by the Shareholders at the EGM, the Proposed Reinstatement IPT General Mandate will take effect from the passing of the ordinary resolution in respect of the Proposed Reinstatement IPT General Mandate, and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the next annual general meeting ("**Next AGM**"), or the expiration of the period within which the Next AGM is required by law to be held, whichever is the earlier. The Company intends to seek the approval of Shareholders for the renewal of the Proposed Reinstatement IPT General Mandate annually. The renewal of such general mandate shall be subject to the satisfactory review by the Audit and Risk Committee of its continued application to any transactions with the Yiguo Group.

LETTER TO SHAREHOLDERS

4.7 Disclosure to Shareholders

Pursuant to Rule 920(1)(a) of the Listing Manual:

- (a) disclosure will be made in the annual report of the Company, giving details of the aggregate value of the IPTs conducted pursuant to the Proposed Reinstatement IPT General Mandate during the financial year under review and in the annual reports for the subsequent financial years during which the Proposed Reinstatement IPT General Mandate is in force, as required by the provisions of the Listing Manual;
- (b) announcements will be made with regard to the aggregate value of the IPTs conducted pursuant to the Proposed Reinstatement IPT General Mandate for the financial periods which the Company is required to report on pursuant to Rule 705 of the Listing Manual within the time required for the announcement of such report; and
- (c) the names of the interested persons and the corresponding aggregate value of the interested person transactions will be presented in the following format (pursuant to Rule 907 of the Listing Manual):

Name of the Interested Person	Aggregate value of all interested person transactions entered into during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Listing Manual (including transactions less than S\$100,000 for the reasons set out below)
--------------------------------------	--	---

For clarity, as many of the interested person transactions are expected to fall below S\$100,000, the disclosures in the annual report will also include transactions each below S\$100,000.

4.8 Opinion of the IFA

Provenance Capital Pte Ltd. has been appointed by the Company as the IFA to opine on whether the guidelines and review procedures for the Proposed Reinstatement IPT General Mandate are sufficient to ensure that the Group's transactions with the Yiguo Group will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The IFA is of the opinion that the Proposed Reinstatement IPT Mandate is not prejudicial to the interests of the Company and its minority Shareholders, and the guidelines and review procedures as set out in the Proposed Reinstatement IPT Mandate for determining the pricing and terms of the IPTs, if adhered to, are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The IFA Letter (December 2017) is reproduced and appended as **Appendix A** to this Circular. Shareholders are advised to read the IFA Letter (December 2017) carefully.

LETTER TO SHAREHOLDERS

4.9 Audit and Risk Committee's Statement

The Audit and Risk Committee comprises five (5) Directors. They are Ms Ng Bie Tjin @Djuniarti Intan, Mr James Prideaux, Mr Wang Yaobin, Ms Wang Ai and Mr Yang Guang.

The Audit and Risk Committee, save for Mr Wang Yaobin and Ms Wang Ai, confirms that it does not take a different view to the IFA in relation to the methods or procedures for determining transaction prices as set out under Section 4.5 of this Circular. Pursuant to Rule 920(1)(b)(vi) of the Listing Manual, the Audit and Risk Committee is not required to issue an opinion.

If during the periodic reviews by the Audit and Risk Committee, it is of the view that the established guidelines and procedures for the Proposed Reinstatement IPT General Mandate are no longer appropriate or adequate to ensure that the IPTs will be transacted on an arm's length basis and on normal commercial terms and would be prejudicial to the interests of the Company and its minority shareholders, the Company will seek a fresh mandate from the Shareholders based on new guidelines and procedures.

5 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

5.1 Shareholding Structure of the Company

As at the Latest Practicable Date, the shareholding interests of the Directors and the substantial Shareholders of the Company are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
<u>Directors</u>						
Gary Loh Hock Chuan ⁽²⁾	–	–	80,712,772	11.21	80,712,772	11.21
James Prideaux	–	–	–	–	–	–
Ng Bie Tjin @Djuniarti Intan	120,000	0.017	–	–	120,000	0.017
Yu Liang	–	–	–	–	–	–
Wang Yaobin	–	–	–	–	–	–
Shum Ka Shat	–	–	–	–	–	–
Wang Ai	–	–	–	–	–	–
Yang Guang	–	–	–	–	–	–
<u>Substantial Shareholders (other than Directors)</u>						
YIGUO General Food Pte.	400,940,411	55.7	–	–	400,940,411	55.7
First Alverstone Capital Ltd ⁽²⁾	80,712,772	11.21	–	–	80,712,772	11.21
Selena Cheng Koh Min ⁽³⁾	–	–	80,712,772	11.21	80,712,772	11.21

LETTER TO SHAREHOLDERS

Notes:

- (1) The percentage of issued share capital is calculated based on the current issued share capital of 719,724,793 Shares as at the Latest Practicable Date.
- (2) Gary Loh Hock Chuan is deemed to have an interest in 80,712,772 Shares held by First Alverstone Capital Ltd by virtue of Section 7 of the Companies Act.
- (3) Selena Cheng Koh Min, spouse of Gary Loh Hock Chuan, is deemed to have an interest in 80,712,772 Shares held by First Alverstone Capital Ltd by virtue of Section 7 of the Companies Act.

5.2 Interests in Transactions

Rule 919 of the Listing Manual requires that Interested Persons and their associates must not vote on any Shareholders' resolutions approving a mandate in respect of any Interested Persons Transactions.

Mr Yu Liang, Mr Wang Yaobin, Mr Shum Ka Shat and Ms Wang Ai are non-independent directors. Mr Yu Liang is currently the Group Sourcing Director at YiGuo, Mr Wang Yaobin is the Group Financial Controller of YiGuo, Mr Shum Kat Shat is the Chief Merchant Consultant in the Yiguo Group and Ms Wang Ai is the Senior Vice President of the Corporate Development and Investments at Yiguo Group. Accordingly, due to their respective appointments, Mr Yu Liang, Mr Wang Yaobin, Mr Shum Ka Shat and Ms Wang Ai will abstain, and procure that YiGuo, YIGUO General Food Pte. Ltd. and all its other associates will abstain, from voting at the EGM in relation to the Proposed Transactions and will not accept nominations as proxy or otherwise for voting at the EGM in respect of the said Ordinary Resolution 1 and Ordinary Resolution 2 as out in notice of EGM on pages 71 to 73 of this Circular unless the IPT Independent Shareholders appointing them as proxies give specific instructions in the relevant proxy form in the manner in which they wish their votes to be cast for Ordinary Resolution 1 and Ordinary Resolution 2.

6 EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 71 to 73 of this Circular, will be held at Conference Room 1, 55 Market Street, #03-01, Singapore 0489471 on 11 January 2018 at 2:30 p.m. (or soon thereafter as the extraordinary general meeting of the Company on the same day and at the same place at 2:00 p.m. shall have concluded or shall have been adjourned) for the purpose of considering and, if thought fit, passing the resolutions, with or without modifications, as set out in the Notice of EGM.

7 CONSENT

Provenance Capital Pte. Ltd., the IFA, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter (May 2017), the IFA Letter (December 2017) and all references thereto, in the form and context in which it appears in this Circular.

8 DIRECTORS' RECOMMENDATION

8.1 The Proposed Ratification and Approval of Recurrent IPTs

Having considered, among others, the terms of the Recurrent IPTs and the rationale for the Recurrent IPTs, and benefits of the Recurrent IPTs and the opinion of the IFA (as set out in the IFA Letter (May 2017)), the IPT Recommending Directors are of the view that pending IPT Independent Shareholders' deliberation of the Proposed Reinstatement IPT

LETTER TO SHAREHOLDERS

General Mandate and notwithstanding the lapsing of the 2017 IPT General Mandate, the Recurrent IPTs had been entered and will continue to be entered into, in the interests of the Company and, accordingly, recommend that the IPT Independent Shareholders vote in favour of the ordinary resolution relating to the Proposed Ratification and Approval of Recurrent IPTs to be proposed at the EGM.

8.2 The Proposed Reinstatement IPT General Mandate

Having considered and reviewed, *inter alia*, the terms, rationale and benefits of the Proposed Reinstatement IPT General Mandate, and the opinion of the IFA, the IPT Recommending Directors concur with the opinion of the IFA (as set out in the IFA Letter (May 2017) and the IFA Letter (December 2017)), and are of the opinion that the Proposed Reinstatement IPT General Mandate is in the best interests of the Company and accordingly recommend that IPT Independent Shareholders vote in favour of the ordinary resolution relating to the Proposed Reinstatement IPT General Mandate to be proposed at the EGM.

9 ABSTENTION FROM VOTING

Rule 919 of the Listing Manual requires that Interested Persons and their associates must not vote on any Shareholders' resolutions approving a mandate in respect of any IPTs.

Rule 920(1)(b)(viii) of the Listing Manual states that interested persons shall abstain and undertake to ensure that their associates will abstain from voting on the resolution approving interested person transactions involving themselves and the Group. Such interested persons and their associates also shall not act as proxies in relation to such resolutions unless voting instructions have been given by the relevant Shareholder.

As at the Latest Practicable Date, YIGUO General Food Pte. Ltd. (being YiGuo's indirect wholly-owned company) who owns 400,940,411 Shares of the Company, representing approximately 55.7% of the total issued share capital of the Company, will abstain, and procure that all its other associates will abstain, from voting at the EGM in relation to the Proposed Ratification and Approval of Recurrent IPTs and Proposed Reinstatement IPT General Mandate will not accept nominations as proxy or otherwise for voting at the EGM in respect of the said Ordinary Resolution 1 and Ordinary Resolution 2 as out in notice of EGM on pages 71 to 73 of this Circular unless the IPT Independent Shareholders appointing them as proxies give specific instructions in the relevant proxy form in the manner in which they wish their votes to be cast for Ordinary Resolution 1 and Ordinary Resolution 2.

As disclosed in Section 5.2 above, Mr Yu Liang, Mr Wang Yaobin, Mr Shum Ka Shat and Ms Wang Ai are non-independent directors. Mr Yu Liang is currently the Group Sourcing Director at YiGuo, Mr Wang Yaobin is the Group Financial Controller of YiGuo, Mr Shum Ka Shat is the Chief Merchant Consultant in the Yiguo Group and Ms Wang Ai is the Senior Vice President of the Corporate Development and Investments at Yiguo Group. Accordingly, due to their respective appointments, Mr Yu Liang, Mr Wang Yaobin, Mr Shum Ka Shat and Ms Wang Ai will not accept nominations as proxy or otherwise for voting at the EGM in respect of the said Ordinary Resolution 1 and Ordinary Resolution 2 as out in notice of EGM on pages 71 to 73 of this Circular unless the IPT Independent Shareholders appointing them as proxies give specific instructions in the relevant proxy form in the

LETTER TO SHAREHOLDERS

manner in which they wish their votes to be cast for Ordinary Resolution 1 and Ordinary Resolution 2. The above said directors do not hold any Shares in the Company as at the Latest Practicable Date.

10 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf, should complete, sign and return the proxy form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 1 Scotts Road #21-07/08 Shaw Centre Singapore 228208 not later than 48 hours before the time fixed for the EGM. The completion and return of a proxy form by a Shareholder will not prevent him from attending and voting in person at the EGM if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP, as at 72 hours before the EGM.

11 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 this Circular in its proper form and context.

12 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 1 Scotts Road #21-07/08 Shaw Centre Singapore 228208 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the IFA Letter (May 2017) as set out in **Appendix B** to this Circular;
- (b) the IFA Letter (December 2017) as set out in **Appendix A** to this Circular; and
- (c) the letter of consent referred to in Section 7 of this Circular.

Yours faithfully

For and on behalf of the Board of Directors of
SunMoon Food Company Limited

Mr James Prideaux
Chairman

APPENDIX A – IFA LETTER (DECEMBER 2017)

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

22 December 2017

To: The IPT Recommending Directors of SunMoon Food Company Limited
(deemed to be independent in respect of the IPT Mandate)

Mr James Prideaux (Chairman and Lead Independent Director)
Mr Gary Loh Hock Chuan (Deputy Chairman)
Ms Ng Bie Tjin @Djuniarti Intan (Independent Director)
Mr Yang Guang (Independent Director)

Dear Sir/Mdm,

RE-INSTATEMENT OF THE IPT MANDATE

Unless otherwise defined or the context otherwise requires, all terms used herein have the same meaning as defined in the circular to the shareholders of the Company dated 22 December 2017 (“Circular”).

1. INTRODUCTION

1.1 Shareholders of the Company (“Shareholders”) had approved the proposed general mandate for interested person transactions (“IPT Mandate”) at the extraordinary general meeting (“EGM”) of the Company held on 16 June 2017, together with the matters in relation to the proposed placement of shares and warrants of the Company (“Shares” and “Warrants” respectively) to Shanghai Yiguo E-Commerce Co., Ltd or its nominees (“Yiguo”). The proposed placement of Shares and Warrants to Yiguo was completed on 5 July 2017.

As Yiguo became the new controlling Shareholder and therefore deemed as an Interested Person, the IPT Mandate will enable the Group (comprising the Company, its subsidiaries and its associated companies) to enter into interested person transactions (“IPTs”) with the Interested Person and associates of the Interested Person (collectively “Interested Persons”) in the ordinary course of business of the Group. The IPT Mandate was to take effect from the date of the EGM on 16 June 2017 until the next annual general meeting (“AGM”) which was held on 28 July 2017. In addition, subject to satisfactory review by the Audit and Risk Committee of the continued application to the IPTs with the Interested Persons, the Company will seek renewal of the IPT Mandate at the next AGM and at each subsequent AGM.

Details of the above are set out in the circular to Shareholders dated 30 May 2017 (“2017 Circular”).

Renewal of the IPT Mandate was inadvertently omitted at the AGM on 28 July 2017. Accordingly, the IPT Mandate was deemed lapsed with effect from 29 July 2017. However, the Group had unknowingly continued with the IPTs since then and we understand that these IPTs were carried out in accordance with the guidelines and procedures set out in the IPT Mandate. Such IPTs in aggregate had exceeded the relevant threshold of 5% of the Group’s latest audited net tangible assets (“NTA”) under Rule 906(1) of the Listing Manual which requires, *inter alia*, Shareholders’ approval in view that the IPT Mandate had already lapsed.

On 1 September 2017, the Company had announced, *inter alia*, the above developments on the SGXNET. In addition, the Company had disclosed its rationale for continuing with the IPTs with the Interested Persons notwithstanding that the IPT Mandate had lapsed as, *inter alia*, ceasing dealings with the Interested Persons would be highly prejudicial to the interest of the Company and will not be in the best interest of the Shareholders.

APPENDIX A – IFA LETTER (DECEMBER 2017)

Hence, the Company is seeking Shareholders' approval at the forthcoming EGM for the following:

- (1) the re-instatement of the IPT Mandate ("**Re-instatement of IPT Mandate**"); and
- (2) the ratification of the IPTs with the Interested Persons that were carried out by the Group since 29 July 2017 and up to and including the time when Shareholders approve the re-instatement of the IPT Mandate at the EGM ("**Ratification of IPTs**").

- 1.2 Provenance Capital Pte. Ltd was previously appointed as the Independent Financial Adviser ("**IFA**") for the IPT Mandate and our opinion on the IPT Mandate is set out in our IFA letter dated 30 May 2017 attached as Appendix B to the 2017 Circular.

For the purpose of the Re-instatement of IPT Mandate, the opinion of an IFA is also required pursuant to Rule 920 of Chapter 9 of the Listing Manual. In this regard, the Company has retained us as the IFA to advise the directors of the Company who are deemed independent of the Re-instatement of IPT Mandate ("**IPT Recommending Directors**") and to render our opinion in writing in relation to the Re-instatement of IPT Mandate.

As an Interested Person, Yiguo will abstain and will ensure that its associates will abstain, from voting on the ordinary resolution in relation to the Re-instatement of IPT Mandate at the forthcoming EGM.

The current Directors of the Company, namely Mr Yu Liang, Mr Wang Yaobin, Mr Shum Ka Shat and Ms Wang Ai, who are corporate representatives of Yiguo will abstain from deliberating and making any recommendation on the Re-instatement of IPT mandate as Directors of the Company. The remaining Directors, namely, Mr James Prideaux, Mr Gary Loh Hock Chuan, Ms Ng Bie Tjin @Djuniarti Intan and Mr Yang Guang are deemed as the IPT Recommending Directors for the purpose of the Re-instatement of IPT Mandate.

This letter ("**Letter**") is therefore addressed to the IPT Recommending Directors and sets out, *inter alia*, our evaluation and opinion on the Re-instatement of IPT Mandate. This Letter forms part of the Circular which provides, *inter alia*, the details of the IPT mandate, ratification of the IPTs and the recommendation of the IPT Recommending Directors. For the avoidance of doubt, our Letter only relates to the Re-instatement of IPT Mandate and not the Ratification of IPTs.

2. TERMS OF REFERENCE

We have been appointed as the IFA to advise the IPT Recommending Directors in respect of the Re-instatement of IPT Mandate. We are not and were not involved or responsible, in any aspect, of the negotiations in relation to the Re-instatement of IPT Mandate nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Re-instatement of IPT Mandate for the approval of the Shareholders. We also do not, by this Letter, warrant the merits of the Re-instatement of IPT Mandate, other than to express an opinion on whether the guidelines and review procedures for the Re-instatement of IPT Mandate are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders ("**Minority Shareholders**").

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Re-instatement of IPT Mandate or to compare its relative merits *vis-à-vis* alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the responsibility of the Directors and/or the management of the Company ("**Management**") although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

APPENDIX A – IFA LETTER (DECEMBER 2017)

In rendering our opinion, we have held discussions with the Directors, the Management and/or their professional advisers (where applicable) and have examined and relied to a considerable extent on the information set out in the Circular, other publicly available information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Directors, Management and/or the professional advisers (where applicable) of the Company. Whilst care has been exercised in reviewing the information which we have relied upon, we have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations.

The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, having made all reasonable enquiries and to the best of their respective knowledge and belief, information and representations as provided by the Directors and Management are accurate. They have also confirmed to us that, upon making all reasonable enquiries and to their best knowledge and abilities, all material information available to them in connection with the Re-instatement of IPT Mandate, the Company and/or the Group have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us in relation to the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and judgment as were deemed necessary and have found no reason to doubt the accuracy or reliability of the information and representations.

We would like to highlight that all information relating to the Company and the Group which we have relied upon in arriving at our recommendation or advice has been obtained from publicly available information and/or from the Directors and Management and the professional advisers (where applicable). We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company and/or the Group at any time or as at the 15 December 2017, being the Latest Practicable Date referred to in the Circular.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company and/or the Group. Such review or comment, if any, remains the responsibility of the Directors and the Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Code and/or the Listing Manual and/or deemed necessary or appropriate by us) in arriving at our advice as set out in this Letter. We were also not required or authorised to obtain, and we have not obtained, any quotation or transaction price from third parties for the sale, purchase, provision or supply (where applicable) of services and/or products similar to those which are to be covered by the Re-instatement of IPT Mandate, and therefore are not able to, and will not compare the transactions with similar transactions with third parties.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, property, plant and equipment) and we have not been furnished with any such evaluation or appraisal.

Our opinion as set out in this Letter is based on market, economic, industry, monetary and other conditions (if applicable) prevailing as at the Latest Practicable Date and the information provided and representations provided to us as at the Latest Practicable Date. In arriving at our opinion, with the consent of the Directors or the Company, we have taken into account certain

APPENDIX A – IFA LETTER (DECEMBER 2017)

other factors and have made certain assumptions as set out in this Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should further take note of any announcements relevant to the Re-instatement of IPT Mandate which may be released by the Company after the Latest Practicable Date.

In rendering our advice and giving our recommendations, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Shareholder or any specific group of Shareholders. As each Shareholder would have different investment objectives and profiles, we recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Circular (other than this Letter).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any purposes other than for the purpose of the Re-instatement of IPT Mandate, at any time and in any manner, without the prior written consent of Provenance Capital in each specific case.

We have prepared this Letter under Rule 920(1)(b) of the Listing Manual and also for the use of the IPT Recommending Directors in connection with their consideration of the Re-instatement of IPT mandate and their advice to the Shareholders. The recommendations made to the Shareholders in relation to the Re-instatement of IPT Mandate remain the responsibility of the IPT Recommending Directors.

Our opinion in relation to the Re-instatement of IPT Mandate should be considered in the context of the entirety of this Letter and the Circular.

3. RE-INSTATEMENT OF IPT MANDATE

Details including the classes of Interested Persons, nature and scope of the IPTs, guidelines and review procedures for IPTs are set out in Section 4 of the Circular.

We note that there are no material changes or variations to the details of the IPT Mandate previously approved by Shareholders at the EGM on 16 June 2017 and the Company's intention is to re-instate the IPT Mandate for Shareholders' approval at the forthcoming EGM.

We also note the Company's rationale for the Re-instatement of IPT Mandate as set out in Section 4.4 of the Circular.

4. OUR OPINION

Based on the above, we are of the opinion that the re-instatement of the IPT Mandate is not prejudicial to the interests of the Company and its Minority Shareholders, and the guidelines and review procedures as set out in the IPT Mandate for determining the pricing and terms of the IPTs, if adhered to, are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

Our opinion is addressed to the IPT Recommending Directors for the purpose of their consideration of the Re-instatement of IPT Mandate. The recommendation to be made by them

APPENDIX A – IFA LETTER (DECEMBER 2017)

to the Minority Shareholders shall remain their responsibility. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other person may reproduce, disseminate or quote this Letter (or any part thereof) for any other purposes, at any time and in any manner, without the prior written consent of Provenance Capital in each specific case.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

APPENDIX B – IFA LETTER (MAY 2017)

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

30 May 2017

To: The Board of Directors of SunMoon Food Company Limited
(who are all deemed to be independent in respect of the Proposed Whitewash Resolution and the Proposed IPT Mandate)

Mr Gary Loh Hock Chuan	(Executive Chairman)
Dr Tan Eng Liang	(Independent Director)
Mr Chee Wai Pong	(Independent Director)
Mrs Jessie Peh	(Independent Director)
Mr James Prideaux	(Independent Director)

Dear Sir/Mdm,

A. THE PROPOSED WHITEWASH RESOLUTION IN RELATION TO THE PROPOSED PLACEMENT; AND

B. THE PROPOSED IPT MANDATE

Unless otherwise defined or the context otherwise requires, all terms used herein have the same meaning as defined in the circular to the shareholders of the Company (“Shareholders”) dated 30 May 2017 in relation to the Proposed Placement (“Placement Circular”).

1. INTRODUCTION

1.1 On 3 January 2017 (“**Announcement Date**”), the Board of Directors of SunMoon Food Company Limited (“**Company**”, together with its subsidiaries, “**Group**”) announced, *inter alia*, that the Company had, on 31 December 2016, entered into a placement agreement (“**Placement Agreement**”) with Shanghai YIGUO E-Commerce Co., Ltd (“**易果生鲜**” or “**Placee**”) to allot and issue to the Placee the following (“**Proposed Placement**”):

- (a) 333,333,333 new ordinary shares of the Company (“**Placement Shares**”) at the issue price of S\$0.045 for each Placement Share (“**Placement Price**”); and
- (b) 166,666,667 free unlisted warrants (“**Warrants**”), each carrying the right to subscribe for one new ordinary share of the Company (“**Warrant Share**”) at the exercise price of S\$0.054 for each Warrant Share (“**Exercise Price**”), which may be exercised by the Placee from time to time at the Placee’s discretion, for a period of three years from the date of issue of the Warrants.

On 14 May 2017, the Company announced that it had, on 13 May 2017, entered into an amendment agreement (“**Amendment Agreement**”) to amend the Placement Agreement and the Deed Poll constituting the Warrants.

Pursuant to the Placement Agreement and the Amendment Agreement, upon the occurrence of certain events as described in Section 3.6 of the Placement Circular and Section 4.3 of this Letter, the Company shall, at no cost to the Placee, top-up the number of new ordinary shares of the Company (“**Shares**”) (each fully paid) to be issued to the Placee (“**Adjustment Shares**”).

1.2 As at the latest practicable date, being 11 May 2017 (“**Latest Practicable Date**”) as referred to in the Placement Circular, the Company has a total of 318,784,382 existing Shares and the Placee does not own any Shares. The Placement Shares represent approximately 51.1% of the enlarged number of Shares immediately after the issuance of the Placement Shares but before the issuance of the Warrant Shares. Upon the exercise of all the Warrants into the

APPENDIX B – IFA LETTER (MAY 2017)

Warrant Shares, the Placee's shareholding interest in the Company will increase to 61.1% of the enlarged number of Shares. In the event the Company issues the Adjustment Shares, it will result in a further increase in the Placee's shareholding interest in the Company.

- 1.3 Pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers ("**Code**"), where (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights in the company; or (b) any person who together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights in the company and such person, or any person acting in concert with him, acquires in any period of six months additional shares carrying more than 1% voting rights ("**Mandatory Offer Threshold**"), he is required to make a mandatory general offer for all the shares in the company which he does not already own or control ("**Mandatory Offer**").

The allotment and issuance of the Placement Shares, Warrant Shares and Adjustment Shares, if any, to the Placee will result in the Placee acquiring shareholding interests in the Company amounting to more than 30% of the voting rights of the Company, thereby resulting in the Placee and its concert parties incurring an obligation to make a Mandatory Offer for the remaining Shares not already owned or controlled by the Placee.

As it is not the intention of the Placee and its concert parties to make a general takeover for the Company, the Company had sought an exemption from the Securities Industry Council ("**SIC**"), that is, the whitewash waiver ("**Whitewash Waiver**") to waive the obligation of the Placee and its concert parties to make the Mandatory Offer.

- 1.4 On 29 December 2016, the SIC had granted the Whitewash Waiver to the Placee and its concert parties subject to certain conditions ("**SIC Conditions**") as set out in Section 6 of this Letter, including, *inter alia*, (a) the approval of the proposed whitewash resolution ("**Proposed Whitewash Resolution**") by the majority of independent shareholders of the Company ("**Independent Shareholders**") voting by way of a poll at an extraordinary general meeting ("**EGM**"); and (b) the appointment of an independent financial adviser ("**IFA**") to advise the Independent Shareholders on the Proposed Whitewash Resolution.

Accordingly, Provenance Capital Pte. Ltd. ("**Provenance Capital**") has been appointed by the Company as the IFA to advise the Directors (who are deemed independent) on the Proposed Whitewash Resolution, on whether the terms of the Proposed Placement are fair and reasonable, and whether or not the Proposed Whitewash Resolution is prejudicial to the interest of the Independent Shareholders when considered in the context of the Proposed Placement.

- 1.5 The allotment and issuance of the Placement Shares to the Placee will amount to a transfer of a controlling interest under Rule 803 of the listing manual ("**Listing Manual**") of the Singapore Exchange and Securities Trading Limited ("**SGX-ST**"), which is subject to the approval of Shareholders. Further, as the Placement Price and the Exercise Price are at discounts greater than 10% to the weighted average price for trades done on the SGX-ST on the last full market day immediately preceding the date of the Placement Agreement, the Company will also require Shareholders' approval pursuant to Rule 811(3) of the Listing Manual.

Hence, in relation to the Proposed Placement, the Company is seeking Shareholders' approval at the EGM for the Proposed Placement by way of Ordinary Resolution 1, which will encompass the following:

- (a) allotment and issuance of the Placement Shares;
- (b) allotment and issuance of the free Warrants and the Warrant Shares upon the exercise of the Warrants;
- (c) allotment and issuance of the Adjustment Shares, if any;
- (d) proposed transfer of controlling interest to the Placee under Rule 803 of the Listing Manual; and

APPENDIX B – IFA LETTER (MAY 2017)

- (e) issue of the Placement Shares at the Placement Price and the issue of the Warrants with the Exercise Price at discounts of more than 10% to the market Share price under Rule 811(3) of the Listing Manual.

The Company will also be seeking separate Shareholders' approval at the EGM for the Proposed Whitewash Resolution by way of Ordinary Resolution 2.

It should be noted that the passing of the ordinary resolutions for the Proposed Placement and the Proposed Whitewash Resolution are inter-conditional upon each other. If the resolution for the Proposed Whitewash Resolution is not passed, the Company will not proceed with the Proposed Placement.

- 1.6** For the purpose of the Proposed Placement, the Placee had on 26 January 2017 incorporated an indirect wholly-owned subsidiary in Singapore, YIGUO General Food Pte. Ltd. ("**YGF**"), to subscribe for the Placement Shares, the Adjustment Shares (if any), the Warrants and the Warrant Shares. YGF is wholly-owned by Shanghai YIGUO Supermarket Co., Ltd., which is in turn wholly-owned by the Placee. The sole director of YGF is Mr Zhang Ye, the Chief Executive Officer of the Placee. Accordingly, YGF will be the actual placee ("**Actual Placee**").

On 24 April 2017, the Placee had further sought from the SIC the Whitewash Waiver for the Actual Placee. The SIC had, on 19 May 2017, granted the Whitewash Waiver to the Actual Placee and its concert parties subject to substantially similar conditions for the Placee except that references to the Placee in the SIC Conditions shall refer to the Actual Placee.

- 1.7** Presently, the Placee is an existing customer of the Group. In the event that the Proposed Placement is approved and the Placee becomes the new controlling Shareholder, the Placee and its associates will be deemed as interested persons of the Group pursuant to Chapter 9 of the Listing Manual ("**Interested Persons**"). As such, transactions entered into between the Group and the Placee and its associates will constitute interested person transactions ("**Interested Person Transactions**") under Chapter 9 of the Listing Manual. Following the completion of the Proposed Issue of Placement Shares, the Company envisages that the Group may, in its ordinary course of business and on a recurrent basis, sell to and/or buy from the Interested Persons, where the aggregate value of these transactions may be equal to or exceed 5% of the latest audited NTA of the Group.

In view of the time-sensitive and recurrent nature of such commercial transactions, the Company is proposing to adopt a shareholders' mandate ("**Proposed IPT Mandate**") pursuant to Rule 920 of the Listing Manual to enable any member of the Group (that is, the Company, its subsidiaries and associated companies), in the ordinary course of their business, to enter into the above transactions with the Interested Persons.

The Proposed IPT Mandate is subject to the approval of Shareholders at the EGM and the opinion of the IFA.

Provenance Capital has also been appointed by the Company as the IFA to opine on the Proposed IPT Mandate, on whether the guidelines and review procedures for the Proposed IPT Mandate are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders ("**Minority Shareholders**"). For the purpose of the Proposed IPT Mandate, the Minority Shareholders are also the Independent Shareholders.

Pursuant to the Proposed Placement, the approval by Shareholders of the Proposed IPT Mandate is a condition precedent to the Proposed Placement. Hence, if the resolution on the Proposed IPT Mandate is not passed, the Company will not proceed with the Proposed Placement.

- 1.8** The Company has confirmed that all the Directors of the Company are considered independent in respect of the Proposed Placement, Proposed Whitewash Resolution and Proposed IPT Mandate.

APPENDIX B – IFA LETTER (MAY 2017)

This Letter is therefore addressed to the Board of Directors and sets out, *inter alia*, the following:

- (a) our evaluation and recommendation on the Proposed Whitewash Resolution; and
- (b) our opinion on the Proposed IPT Mandate.

This Letter forms part of the Placement Circular to Shareholders which provides, *inter alia*, details of the Proposed Placement, Proposed Whitewash Resolution, Proposed IPT Mandate and the recommendation of the Board of Directors.

2. TERMS OF REFERENCE

We have been appointed as the IFA to advise the Directors in respect of their recommendations to the Independent Shareholders in relation to the Proposed Whitewash Resolution and the Proposed IPT Mandate. We are not and were not involved or responsible, in any aspect, of the negotiations in relation to the Proposed Placement nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Proposed Placement or to obtain the approval of the Independent Shareholders for the Proposed Placement, Proposed Whitewash Resolution and Proposed IPT Mandate, and we do not, by this Letter, warrant the merits of the Proposed Placement, Proposed Whitewash Resolution or Proposed IPT Mandate, other than to express an opinion on:

- (a) whether the terms of the Proposed Placement are fair and reasonable and whether or not the Proposed Whitewash Resolution is prejudicial to the interest of the Independent Shareholders when considered in the context of the Proposed Placement; and
- (b) whether the guidelines and review procedures for the Proposed IPT Mandate are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Proposed Placement, Proposed Whitewash Resolution or Proposed IPT Mandate or to compare its relative merits *vis-à-vis* alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the responsibility of the Directors and/or the management of the Company (“**Management**”) although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation, we have held discussions with the Directors and Management and/or their professional advisers (where applicable) and have examined and relied on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, Management and the professional advisers (where applicable) of the Company, including information contained in the Placement Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations.

The Directors (including those who may have delegated detailed supervision of the Placement Circular) have confirmed that, having made all reasonable enquiries and to the best of their respective knowledge and belief, information and representations as provided by the Directors and Management are accurate. They have also confirmed to us that, upon making all reasonable enquiries and to their best knowledge and abilities, all material information available to them in connection with the Proposed Placement, Proposed Whitewash Resolution, Proposed IPT Mandate, the Company and/or the Group have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other

APPENDIX B – IFA LETTER (MAY 2017)

information or fact, the omission of which would cause any information disclosed to us in relation to the Proposed Placement, Proposed Whitewash Resolution, Proposed IPT Mandate, the Company and/or the Group stated in the Placement Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Placement Circular have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and judgment as were deemed necessary and have found no reason to doubt the accuracy or reliability of the information and representations.

Save as disclosed, we would like to highlight that all information relating to the Proposed Placement, Proposed Whitewash Resolution, Proposed IPT Mandate, the Company and/or the Group that we have relied upon in arriving at our recommendation or advice, has been obtained from publicly available information and/or from the Directors and Management. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company and/or the Group at any time or as at the Latest Practicable Date.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company and/or the Group after the Proposed Placement and the implementation of the Proposed IPT Mandate. Such review or comment, if any, remains the responsibility of the Directors and the Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Code and/or the Listing Manual and/or deemed necessary or appropriate by us) in arriving at our advice as set out in this Letter. We have not obtained from the Company and/or the Group any projection of the future performance including financial performance of the Company and/or the Group and, we did not conduct discussions with the Directors and the Management on, and did not have access to, any business plan and financial projections of the Company and/or the Group. In addition, we are not expressing any view herein as to the prices at which the Shares may trade or the future value, financial performance or condition of the Company and/or the Group, upon or after the completion of the Proposed Placement or if the Proposed Placement is not effected.

We were also not required or authorised to obtain, and we have not obtained, any quotation or transaction price from third parties for the sale, purchase, provision or supply (where applicable) of services and/or products similar to those which are to be covered by the Proposed IPT Mandate, and therefore are not able to, and will not compare the transactions with similar transactions with third parties.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, property, plant and equipment) and we have not been furnished with any such evaluation or appraisal.

Our view as set out in this Letter is based upon the market, economic, industry, monetary and other conditions (if applicable) prevailing as at the Latest Practicable Date and the information provided and representations provided to us as at the Latest Practicable Date. In arriving at our view, with the consent of the Directors or the Company, we have taken into account certain other factors and have been required to make certain assumptions as set out in this Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should further take note of any announcements relevant to the Proposed Placement, Proposed Whitewash Resolution or Proposed IPT Mandate which may be released by the Company after the Latest Practicable Date.

APPENDIX B – IFA LETTER (MAY 2017)

In rendering our advice and giving our recommendations, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Shareholder or any specific group of Shareholders. As each Shareholder would have different investment objectives and profiles, we recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Placement Circular (other than this Letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Placement Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Placement Circular (other than this Letter).

Whilst a copy of this Letter may be reproduced in the Placement Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any purposes other than for the purposes of the Shareholders' resolution in relation to the Proposed Whitewash Resolution and Proposed IPT Mandate at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

We have prepared this Letter for the use of the Board of Directors (who are all deemed independent in respect of the Proposed Whitewash Resolution and Proposed IPT Mandate) for their consideration and for their recommendation and advice to the Independent Shareholders. The recommendations made to the Independent Shareholders in relation to the Proposed Whitewash Resolution and Proposed IPT Mandate remain the responsibility of the Board of Directors.

Our opinion in relation to the Proposed Whitewash Resolution and Proposed IPT Mandate should be considered in the context of the entirety of this Letter and the Placement Circular.

3. INFORMATION ON THE COMPANY AND THE GROUP

SunMoon Food Company Limited was founded in 1977 and is headquartered in Singapore. It is an investment holding company and listed on the Mainboard of the SGX-ST.

According to the Company's disclosure on the website of the SGX-ST, the Group operates as a distributor and marketer of branded high-quality fruits, vegetables and related products. The Group also operates as an importer, exporter, wholesaler, retailer and commission agent of fruits; and trades in, distributes and markets branded processed consumer foods. Its products include fresh produce such as apples, pears, stone fruits and other seasonal fruits, and consumer products comprising fruit cups, juices, snacks and frozen products. The Group serves importers, wholesalers, supermarket chains and individuals worldwide.

The Company was embroiled in a lengthy debt restructuring from 2008 until October 2015 when after the settlement of various debts and related matters, the Group was able to focus on its business operations and new business strategy. The Group is now operating with a stronger balance sheet with positive shareholders' equity and net asset value ("**NAV**") based on the last audited balance sheet of the Group as at 31 December 2015 and the latest unaudited balance sheet of the Group as at 31 December 2016.

During 2015, the Company made a strategic decision to shift towards an asset-light, consumer-centric and brand-focused business model, and focus on the Fresh Division (that is, fruit-related and fresh products) capitalising on its existing brand equity, sourcing ability and growth potential in its existing and new markets. With the implementation of the "Network x Geography x Product" business model, the Company opened discussions with various parties on various business collaborations to growth its business.

APPENDIX B – IFA LETTER (MAY 2017)

One of the business collaborations entered into by the Group was the commercial partnership with the Harvest Season Group, which has a fast-growing wholesale and retail fruit business in the People's Republic of China (“**PRC**”), with an online sales channel. The initial proposed joint venture with the Harvest Season Group, however, did not materialise but the Group continued to maintain its commercial relationship with the Harvest Season Group. On 10 February 2016, the Company entered into an acquisition agreement (“**HS SPA**”) for a 12% equity stake in Harvest Season Pte. Ltd. (“**Harvest Season SG**”) via the conversion of the Group's outstanding accounts receivable of S\$1.4 million from the Harvest Season Group. On 12 November 2016, the Company entered into the deed (“**HS Deed**”) in respect of, *inter alia*, the return of the frozen durians and to amend the HS SPA. The transactions pursuant to the HS SPA and HS Deed (“**Proposed HS Transaction**”) are subject to the approval of Shareholders at the EGM to be held on 31 May 2017. The details of the Proposed HS Transaction are set out in a separate Circular to Shareholders dated 15 May 2017 (“**HS Acquisition Circular**”).

The Company's commercial arrangement with the Harvest Season Group had enabled the Group to enter the PRC market. The Group's foray into the PRC market had also attracted the interest of the Placee, one of the leading fresh produce e-commerce player in the PRC. This had led to the Proposed Placement which was first announced by way of the binding conditional term sheet (“**Term Sheet**”) with the Placee on 7 October 2016 (“**Term Sheet Announcement Date**”).

However, prior to the announcement of the Term Sheet, the Share price had jumped significantly on heavy trading volume. This had prompted a query from the SGX-ST (“**SGX Query**”) on 23 September 2016 (“**SGX Query Date**”). The Company had then responded on 25 September 2016 that the Group has been continuously exploring opportunities and is engaged in ongoing negotiations with various parties on potential transactions. On 7 October 2016, being the Term Sheet Announcement Date, the Company announced the Term Sheet in relation to the Proposed Placement.

On 14 November 2016, the Company announced, *inter alia*, that it had entered into a term sheet dated 11 November 2016 with an independent third party in relation to the disposal of its dehydrated produce business (“**Disposal of the Dehydrated Produce Business**”) for a sale consideration of S\$4.1 million, in line with the Group's shift in business strategy towards, *inter alia*, an asset-light business model. The above disposal is in relation to the wholly-owned subsidiaries of the Group, namely United Agro Produce Pte Ltd (“**UAPL**”), Taian FHTK Foodstuff Co Ltd (“**Taian FHTK**”), Fook Yong Pte Ltd (“**FYPL**”) and Taian Fook Huat Tong Kee Foodstuff Co. Ltd (“**Old Taian**”).

On 3 January 2017, the Company announced that it had entered into the Placement Agreement with the Placee and the grant of the Whitewash Waiver by the SIC. The Proposed Placement is subject to the approval of Shareholders at the EGM. The details of the Proposed Placement are set out in Section 3 of the Placement Circular.

On 23 January 2017, the Company announced that the financial year end of the Company has changed from 31 December to 31 March. Accordingly, the next financial year of the Company and the Group will cover a period of 15 months from 1 January 2016 to 31 March 2017. The change in the financial year end is to align the Company's financial year end with that of the Placee.

However, for the purpose of the Proposed Placement, the Company will be carrying out an audit of the financial statements of the Group for the 12-month period ended 31 December 2016 (“**12M2016**”) to determine the NAV of the Group as at 31 December 2016, for the purpose of determining the number of Adjustment Shares, if any, to be issued to the Placee.

On 14 February 2017, the Company announced that it had entered into two separate conditional sale and purchase agreements with the purchaser group in relation to the Disposal of the Dehydrated Produce Business. Following the disposal, the Company will cease to have any interest in UAPL, Taian FHTK, FYPL and Old Taian. The Disposal of the Dehydrated Produce Business is subject to the approval of Shareholders at the EGM to be held on 31 May

APPENDIX B – IFA LETTER (MAY 2017)

2017. The details of the Disposal of the Dehydrated Produce Business are set out in another separate Circular to Shareholders dated 15 May 2017 (“**DPB Disposal Circular**”).

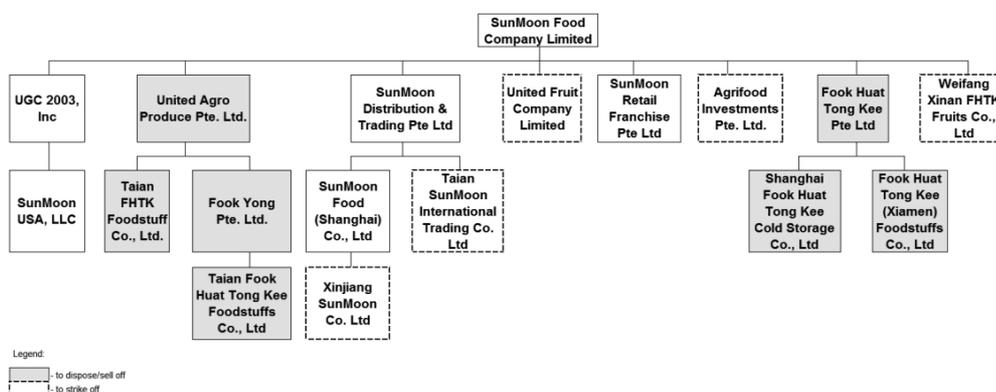
On 13 May 2017, the Company and the Placee entered into the Amendment Agreement to amend certain terms of the Placement Agreement and the Deed Poll constituting the Warrants.

As at the Latest Practicable Date, the Company has in issue a total of 318,784,382 Shares. The Company does not have any outstanding convertible securities or options as at the Latest Practicable Date.

Based on the Placement Price, the implied market capitalisation of the Company is S\$14.3 million. However, based on the last transacted price of S\$0.093 on the Latest Practicable Date, the market capitalisation of the Company is S\$29.6 million.

The organisation structure of the Group before and after the intended Disposal of the Dehydrated Produce Business and the disposal and/or liquidation of the dormant subsidiaries, is shown below:

Before



After



4. SALIENT TERMS OF THE PROPOSED PLACEMENT

The details of the Proposed Placement are set out in Section 3 of the Placement Circular. A summary of the key terms of the Proposed Placement is set out below for your reference.

4.1 The Proposed Placement

Pursuant to the Placement Agreement and the Amendment Agreement, the Placee will subscribe for 333,333,333 Placement Shares at the Placement Price of S\$0.045 for each Placement Share, and

APPENDIX B – IFA LETTER (MAY 2017)

- (i) the Company shall effect the allotment and issue to the Placee of the Placement Shares at the Placement Price and the Adjustment Shares (if any) at no cost to the Placee (please see Section 4.3 below for details under the caption “Adjustment Shares”); and
- (ii) the issue of 166,666,667 free unlisted Warrants to the Placee, each carrying the right to subscribe for one Warrant Share at the Exercise Price of S\$0.054 for each Warrant Share, which may be exercised by the Placee from time to time at the Placee’s discretion, for a period of three years from the date of issue of the Warrants.

As at the Latest Practicable Date, the Placee does not hold, directly or indirectly, any Shares. None of the Placee, its directors or its substantial shareholders has any connection with any Director or substantial Shareholder of the Company.

The Placee has on 26 January 2017 incorporated an indirect wholly-owned subsidiary in Singapore, YGF, to subscribe for the Placement Shares, the Adjustment Shares (if any), the Warrants and the Warrant Shares. YGF is wholly-owned by Shanghai YIGUO Supermarket Co., Ltd., which is in turn wholly-owned by the Placee. The sole director of YGF is Mr Zhang Ye, the Chief Executive Officer of the Placee.

The Placement Shares represent 104.6% of the existing number of Shares totalling 318,784,382 and 51.1% of the enlarged number of Shares totalling 652,117,715 immediately after the issue of the Placement Shares. This will result in the Placee and its associates becoming the major Shareholder.

If and when the Placee exercises the Warrants into the Warrant Shares, the Placee’s shareholding interest in the Company will increase further to up to 61.1% of the enlarged number of Shares of up to 818,784,382 Shares. If the Warrants are fully exercised into the Warrant Shares, the Placee is in effect subscribing to a total of 500 million new Shares for a total subscription amount of S\$24 million.

The Placement Price and the Exercise Price of S\$0.045 and S\$0.054 represent premia of 7.1% and 28.6% respectively above the last transacted Share price of S\$0.042 on 22 September 2016, being the last full trading day prior to the SGX Query Date.

Since the SGX Query Date, the Share price had trended upwards initially but increased significantly to a high of S\$0.14 on 11 October 2016 after the announcement of the Term Sheet. The Share price was last transacted at S\$0.068 on 7 October 2016, being the Term Sheet Announcement Date.

Since then and up to the Latest Practicable Date, the Share price has retracted somewhat from its high of S\$0.14 and the Shares have been trading at around S\$0.10.

The Shares were last transacted at S\$0.096 on 30 December 2016, being the Announcement date of the Placement Agreement. As at the Latest Practicable Date, the Shares were last transacted at S\$0.093.

As a result of the significant jump in the market Share price since the SGX Query Date, the Placement Price and the Exercise Price represent significant discounts of 51.6% and 41.9% respectively to the last transacted Share price of S\$0.093 on the Latest Practicable Date.

The Warrants will be issued subject to and in accordance with the terms and conditions set out in the Deed Poll. Pursuant to the Deed Poll, the Warrants will not be listed on the SGX-ST but are transferable. The Exercise Price and the number of Warrants are subject to adjustment in the event of, *inter alia*, rights, bonus or other capitalisation issues. Any such adjustments shall (unless otherwise provided under the Listing Manual from time to time) be announced by the Company.

As the Warrants will not be listed on the SGX-ST, no application has been made to the SGX-ST for the listing of the Warrants.

APPENDIX B – IFA LETTER (MAY 2017)

The Company has made an application for the in-principle approval for the listing of the Placement Shares and Warrant Shares on the Mainboard of the SGX-ST. The SGX-ST in-principle approval for the listing and quotation of the Placement Shares and Warrant Shares was obtained on 12 May 2017, subject to conditions as set out in Section 2 of the Placement Circular.

The Placement Shares, Warrant Shares and Adjustment Shares (if any) shall be issued free of all encumbrances and will rank *pari passu* in all respects with the existing Shares except that they will not rank for any dividend, right, allotment or other distribution, the record date for which falls on or before (i) the date of allotment and issue of the Placement Shares, (ii) the relevant date of exercise of the Warrants, or (iii) the relevant date of allotment and issue of the Adjustment Shares, as the case may be.

4.2 Adjustment to Placement Price and Exercise Price prior to the Completion Date

The Placement Price and Exercise Price are subject to adjustments prior to the Completion Date (as defined below) as disclosed in Section 3.5 of the Placement Circular and are extracted below in *italics* for your reference:

"In the event:

- (a) the Company issues new Shares at an issue price lower than the Placement Price during the period commencing from the date of the binding conditional term sheet entered into between the Company and the Placee setting out in broad terms the salient terms and conditions in respect of the Proposed Placement (being 7 October 2016) until the date of completion of the Proposed Issue of Placement Shares (the "Completion Date"), the Placement Price shall be adjusted to such lower price accordingly; and*
- (b) of any sub-division or consolidation of the Shares or bonus issue of Shares on a pro rata basis which occurs on or prior to the Completion Date, the Placement Price shall be adjusted immediately in the manner set out below:*

$$NCP = OCP \times (A \div B)$$

where:-

NCP is the Placement Price expressed in S\$ in force after such alteration

OCP is the Placement Price expressed in S\$ in force immediately before such alteration

A the number of Shares immediately before such alteration

B the number of Shares immediately after such alteration

The Company does not intend to issue any new Shares at an issue price lower than the Placement Price, or to undertake any sub-division or consolidation of the Shares or bonus issue of Shares, on or prior to the Completion Date.

Pursuant to the Placement Agreement (as amended by the Amendment Agreement) and the Deed Poll (as amended by the Company), in the event the Company issues equity derivatives at an exercise price or conversion price lower than the Exercise Price (the "Lower Price"), at any time prior to the date of issue of the Placement Shares, the Exercise Price shall be reduced to a sum equal to the Lower Price, provided always that any such adjustment shall be certified by the auditors for the time being of the Company or by an independent financial adviser.

APPENDIX B – IFA LETTER (MAY 2017)

The Company has undertaken, in the Placement Agreement (as amended by the Amendment Agreement), not to issue or offer any equity derivatives at any time prior to the Completion Date.”

Based on the above, in view of the undertaking by the Company, there will not be any adjustment to the Placement Price and the Exercise Price prior to the Completion Date of the Proposed Issue of Placement Shares.

Following the issue of the Warrants, any adjustment to the Exercise Price and number of Warrants before the expiry of the Warrants will be governed by the terms of the Deed Poll. The full text of the adjustment provisions in the Deed Poll can be found in Section 2 of Appendix A to the Placement Circular.

4.3 Adjustment Shares

Pursuant to the Placement Agreement (as amended by the Amendment Agreement), the Placee will be entitled to the Adjustment Shares, if any, and the Company shall, at no cost to the Placee, top-up the Placement Shares with the Adjustment Shares under certain events.

As mentioned in Section 3 of this Letter, the Company is embarking on a new business strategy to grow its business which also involves the disposal of loss-making businesses, disposal or liquidation of dormant companies and settlement of outstanding matters in respect of the Harvest Season Group. These are intended to pave the way for the Placee as the potential new major Shareholder.

Based on our understanding with Management, the Placee is expecting the Group to have a NAV of S\$10 million as at 31 December 2016. In summary, if, *inter alia*, the NAV of the Group should fall 10% or more below S\$10 million, or if the Group suffers further losses and/or costs from the disposal of the loss-making businesses, dormant companies or settlement of matters in respect of the Harvest Season Group, then the Company has to make good the losses, costs and/or shortfall in the NAV, by topping-up the Placement Shares with the Adjustment Shares. The number of Adjustment Shares to be issued to the Placee will be equivalent to such losses, costs and/or shortfall in NAV divided by the Adjustment Share Price. The losses and/or costs may be aggregated and set off against gains arising from the disposal of or liquidation of the assets and businesses.

The Adjustment Share Price is defined to mean S\$0.045 (that is the Placement Price) for each Adjustment Share, or such adjusted price calculated based on the mechanisms as set out in the Placement Agreement. The Adjustment Share Price will be adjusted in the event of, *inter alia*, any share consolidation, subdivision or conversion, capitalisation issue, capital distribution and rights issues. These are set out in Section 1 of Appendix A to the Placement Circular.

In the event the Company issues equity derivatives at an exercise price or conversion price lower than the Adjustment Share Price (“**Lower Price**”) at any time prior to the date of issue of the Adjustment Shares, the Adjustment Share Price shall be reduced to a sum equal to the Lower Price, provided always that any such adjustment shall be certified by the Auditors or by an independent financial adviser as being not prejudicial to the Shareholders.

Pursuant to the Amendment Agreement, each of the Company and the Placee undertakes that, from the date of the Placement Agreement up to the date of issue of the Adjustment Shares, it shall procure that no equity derivatives are issued by the Company at an exercise price or conversion price lower than the Adjustment Share Price.

The occurrence of events that will require the issue of Adjustment Shares are set out in Section 3.6 of the Placement Circular, and extracted below in *italics* for your reference:

“Pursuant to the Placement Agreement (as amended by the Amendment Agreement), upon the occurrence of any of the following events, the Company shall, at no cost to the Placee, top-up the number of new Shares (each fully paid) to be issued to the Placee:

APPENDIX B – IFA LETTER (MAY 2017)

- (a) *in the event there are any losses and/or costs arising for the Group from the ownership of and subsequent disposal of the Dormant Subsidiaries and the Dehydrated Produce Business (other than the amounts fully provided for or written off as reflected in the available accounts of the Group), the number of top-up shares to be issued shall be equivalent to such losses divided by the Adjustment Share Price;*
- (b) *in the event the NAV of the Group as at 31 December 2016 (on the basis of the audited accounts of the Group) falls 10% or more below S\$10 million, the number of top-up shares to be issued shall be equivalent to the amount of such shortfall in the NAV of the Group divided by the Adjustment Share price;*
- (c) *in the event there are any losses and/or costs arising for the Group from the ownership of and subsequent winding up and/or liquidation and/or disposal of any of its subsidiaries (including but not limited to the Dormant Subsidiaries) (other than the amounts fully provided for or written off as reflected in the available accounts of the Group), the number of top-up shares to be issued shall be equivalent to such losses and/or costs divided by the Adjustment Share Price;*
- (d) *for the period from the date of the Placement Agreement until the date falling three (3) years from the date of Completion, in the event there are any losses and/or costs arising for the Group arising from its transactions with Harvest Season Pte. Ltd., Shanghai Chibin International Trading Co. Ltd., East China Marine Equipment Co. Ltd., Zhang Jian Quan Tony, Ong Yaw Teh Patrick, and/or such other businesses or companies as may be owned or controlled by the aforementioned (collectively, “**HS Affiliates**”), including the writing off of any receivables due from the HS Affiliates, and/or the acquisition of equity interest in Harvest Season Pte. Ltd., the number of top-up shares to be issued shall be equivalent to such losses and/or costs divided by Adjustment Share Price;*
- (e) *for the period from the date of the Placement Agreement until the date falling three (3) years from the date of Completion, in the event there are any losses and/or costs arising for the Group arising from its transactions with PT Fresh, including (i) the writing off of any receivables due from PT Fresh which have accrued on the date of the Placement Agreement and additional receivables which may accrue up to Completion, and (ii) the acquisition of equity interest in PT Fresh (if any), the number of top-up shares to be issued shall be equivalent to such losses and/or costs divided by the Adjustment Share Price; and*
- (f) *in the event there are any losses and/or costs arising for the Group arising from any breach of certain warranties set out in the Placement Agreement, the number of top-up shares to be issued shall be equivalent to such losses and/or costs divided by the Adjustment Share Price.*

*Any new Shares to be issued to the Placee pursuant to the adjustments set out above shall be referred to as the “**Adjustment Shares**”. For the avoidance of doubt, the losses and/or costs set out in **paragraphs (a), (c), (d) and (e)** above may be aggregated and set off against gains (if any), over the net book value of the relevant businesses and subsidiaries as at 30 September 2016) arising from the disposal of or liquidation of the assets and businesses pursuant to **paragraphs (a) and (c)**.*

*The adjustment mechanisms pursuant to which the Adjustment Share Price may be adjusted are set out in **Appendix A** to this Circular.”*

The Adjustment Shares, if any, are intended to be listed on the Mainboard of the SGX-ST. However, as the number of Adjustment Shares to be issued cannot be determined at this point in time, the Company will make an application to the SGX-ST for the listing of and quotation for the relevant number of Adjustment Shares as and when the relevant event occurs.

APPENDIX B – IFA LETTER (MAY 2017)

4.4 Conditions Precedent

As disclosed in Section 3.8 of the Placement Circular, completion of the Proposed Issue of Placement Shares is subject to certain conditions set out in the Placement Agreement, including, *inter alia*:

- (a) SGX-ST in-principle approval for the listing and quotation of the Placement Shares, the Warrant Shares and the Adjustment Shares (if any) on the Mainboard of the SGX-ST;
- (b) SIC approval on the Whitewash Waiver for the Placee and its concert parties;
- (c) the Proposed Placement (including the Adjustment Shares), Proposed Whitewash Resolution, Proposed IPT Mandate being approved by Shareholders at the EGM;
- (d) each of the individuals/key employees identified by the Placee (including Gary Loh Hock Chuan, Roger Chua Kiang Tat and Ong Siew Ling) having entered into an employment, confidentiality and non-competition agreement, in form and substance satisfactory to the Placee;
- (e) the Disposal of the Dehydrated Produce Business having been approved by Shareholders at the EGM and completed, and with no recourse by the purchaser(s) of such business against any member of the Group; and
- (f) completion of the issuance of the Adjustment Shares.

The SGX-ST in-principle approval for the listing and quotation of the Placement Shares and Warrant Shares was obtained on 12 May 2017, subject to conditions as set out in Section 2 of the Placement Circular. The SGX-ST's approval in-principle is not to be taken as an indication of the merits of the Proposed Placement, Placement Shares, Warrants, Warrant Shares, Adjustment Shares, the Company and/or its subsidiaries.

The Whitewash Waiver for the Placee was obtained from the SIC on 29 December 2016, subject to the satisfaction of certain conditions as set out in Section 6 of this Letter.

As mentioned in Section 1 and Section 4.1 of this Letter, the Placee has on 26 January 2017 incorporated an indirect wholly-owned subsidiary in Singapore, YGF, as the Actual Placee to subscribe for the Placement Shares, the Adjustment Shares (if any), the Warrants and the Warrant Shares.

On 24 April 2017, the Placee had further sought from the SIC the Whitewash Waiver for the Actual Placee. The SIC had, on 19 May 2017, granted the Whitewash Waiver to the Actual Placee and its concert parties subject to substantially similar conditions for the Placee except that references to the Placee in the SIC Conditions shall refer to the Actual Placee.

With respect to the Placement Circular, we wish to highlight that the passing of the ordinary resolutions for the Proposed Placement (including the Adjustment Shares), Proposed Whitewash Resolution and Proposed IPT Mandate are inter-conditional upon each other. If any of these resolutions is not passed, the Company will not proceed with the Proposed Placement.

As described in Section 3 of this Letter, the Disposal of the Dehydrated Produce Business and the Proposed HS Transaction are subject to separate Shareholders' approval at the EGMs to be held on 31 May 2017.

Shareholders' approval for the Disposal of the Dehydrated Produce Business is a condition precedent to the Proposed Placement. For the avoidance of doubt, the Company has confirmed that the completion of the Proposed Placement is not dependent on or inter-conditional upon the completion of the Proposed HS Transaction.

APPENDIX B – IFA LETTER (MAY 2017)

4.5 Board representation

Pursuant to the Placement Agreement, the Placee is entitled to nominate and appoint three non-independent Directors and two independent Directors, such that at Completion, the Board shall comprise six Directors comprising three non-independent Directors, one executive Director and two independent Directors. Completion is defined as the completion of the Proposed Issue of Placement Shares pursuant to the Placement Agreement.

Mr Gary Loh Hock Chuan, who is currently the Executive Chairman, will be re-designated as the Deputy Chairman, Executive Director and the Chief Executive Officer of the Company.

4.6 Moratorium pursuant to the Placee's Undertaking

The Placee has undertaken ("Placee's Undertaking") to the Company that it will not sell or transfer:

- (a) any of the Placement Shares for a period of six months following Completion; and
- (b) any of the Adjustment Shares (if any) and Warrant Shares for a period of six months following the respective date of issuance of such Adjustment Shares (if any) and Warrant Shares.

5. INFORMATION ON THE PLACEE

Information on the Placee is set out in Section 3.2 of the Placement Circular.

Shanghai YIGUO E-Commerce Co., Ltd (易果生鲜), the Placee, is a company incorporated in the PRC and based in Shanghai. It is principally involved in the business of providing delivery of high quality fresh food to household and business consumers. It was established in 2005 as a pure online fruit retailer, and has since expanded its business to over 3,200 products in seven categories of fresh food, namely, fruit, vegetable, seafood, meat, poultry and eggs, pantry and beverage, and dessert. The Placee has an extensive geographic presence within the PRC covering 18 provinces and 144 cities. In addition to households, its corporate customers include the Fortune 500 companies and domestic institutions providing staff service to foreign employers. In addition, the Placee has entered into a strategic partnership with Alibaba (China) Internet Technology Co. Ltd. ("**Alibaba**").

Prior to the announcement of the Term Sheet with the Placee, the Placee has been an existing customer of the Group since October 2015. On 21 April 2016, the Company announced that it had entered into several sales orders with the Placee in relation to the supply of certain fruits and vegetables products to enable the Group to tap the rapidly expanding digital sales network of the Placee group of companies.

The three largest shareholders of the Placee are: (a) Alibaba, a member of Alibaba Group Holding Limited, (b) Mr Zhang Ye and (c) Nanjing Henghao Enterprise Management Consulting LLP, a member of Suning Electric Appliance Group Co., Ltd, who collectively own majority control of the Placee.

Based on information extracted from the Internet, Alibaba Group Holding Limited is a Chinese e-commerce company that provides consumer-to-consumer, business-to-consumer and business-to-business sales services via web portals. It also provides electronic payment services, a shopping search engine and data-centric cloud computing services. Alibaba Group Holding Limited is headquartered in Hangzhou, Zhejiang, PRC and is listed on the New York Stock Exchange. Further information on Alibaba Group Holding Limited can be found at www.alibaba.com

Mr Zhang Ye is the Chief Executive Officer of the Placee. He holds a degree from the Shanghai Jiaotong University (majoring in industrial foreign trade and computer science) and an executive

APPENDIX B – IFA LETTER (MAY 2017)

master in business administration from the Cheung Kong Graduate School of Business in Beijing, PRC. He has been the Chief Executive Officer of the Placee since February 2007.

We understand from the Company that Suning Electric Appliance Group Co. is a member of Suning Commerce Group Co., Ltd (“**Suning**”). Based on information extracted from the Internet, Suning is one of the largest non-government retailer in the PRC, headquartered in Nanjing, Jiangsu, PRC and is listed on the Shenzhen Stock Exchange. Suning principally operates franchised retail shops of electronics appliances in the PRC. Besides the founder of Suning, Alibaba also has a substantial equity stake in Suning. Further information on Suning can be found at www.suning.cn

As at the Latest Practicable Date, the Placee does not hold, directly or indirectly, any Shares. After the Proposed Placement, the Placee will become the controlling Shareholder.

As a result, all transactions entered into between the Group (including its associated companies) and the Placee and its associates will be deemed as Interested Person Transactions. Hence, the Company intends to put forth the Proposed IPT Mandate as an ordinary resolution to be approved by Shareholders at the EGM to cover transactions with the Placee group of companies in the ordinary course of business of the Group.

Please see Section 8 of this Letter for details on the Proposed IPT Mandate.

For the purpose of the Proposed Placement, the Placee had on 26 January 2017 incorporated an indirect wholly-owned subsidiary, YGF, as the Actual Placee to subscribe for the Placement Shares, the Adjustment Shares (if any), the Warrants and the Warrant Shares. YGF is wholly-owned by Shanghai YIGUO Supermarket Co., Ltd., which is in turn wholly-owned by the Placee. The sole director of YGF is Mr Zhang Ye, the Chief Executive Officer of the Placee.

6. THE PROPOSED WHITEWASH RESOLUTION

Pursuant to the Proposed Placement, the Placee will acquire Shares amounting to more than 30% of the voting rights of the Company, thereby resulting in the Placee and its concert parties incurring an obligation to make a Mandatory Offer for the Company unless such a requirement is waived by the SIC.

Accordingly, an application was made to the SIC for the Whitewash Waiver. On 29 December 2016, the SIC had granted the Whitewash Waiver to the Placee and its concert parties, subject to the satisfaction of certain conditions as follows:

- (i) a majority of holders of voting rights of the Company approve at a general meeting, before the issue of the Placement Shares, the Proposed Whitewash Resolution by way of a poll to waive their rights to receive a general offer from the Placee and its concert parties;
- (ii) the Proposed Whitewash Resolution is separate from other resolutions;
- (iii) the Placee, its concert parties as well as parties not independent of them abstain from voting on the Proposed Whitewash Resolution;
- (iv) the Placee and its concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Placement Circular):
 - (a) during the period between the Announcement Date and the date that Shareholders' approval is obtained for the Proposed Whitewash Resolution; and
 - (b) in the six months prior to the first announcement of the Proposed Placement but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Placement;

APPENDIX B – IFA LETTER (MAY 2017)

- (v) the Company appoints an IFA to advise its Independent Shareholders on the Proposed Whitewash Resolution;
- (vi) the Company sets out clearly in the Placement Circular:
 - (a) details of the Proposed Placement and Proposed Adjustment Shares Issue;
 - (b) the dilution effect to existing holders of voting rights upon the issue to the Placee of (A) the Placement Shares, (B) the Adjustment Shares and (C) the Warrant Shares upon the exercise of the Warrants;
 - (c) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares in the Company held by the Placee and its concert parties as at the Latest Practicable Date;
 - (d) the number and percentage of voting rights to be acquired by the Placee and its concert parties as a result of the Placee's acquisition of (A) the Placement Shares, (B) the Adjustment Shares and (C) the Warrant Shares upon the exercise of the Warrants;
 - (e) specific and prominent reference to the fact that the issue of the Placement Shares will result in the Placee and its concert parties holding Shares carrying over 49% of the voting rights of the Company and to the fact that the Placee will be free to acquire further Shares (including but not limited to the Adjustment Shares and the Warrant Shares) without incurring any obligation under Rule 14 of the Code to make a general offer; and
 - (f) specific and prominent reference to the fact that the Independent Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from the Placee at the highest price paid by the Placee and parties acting in concert with it for the Shares in the past six months preceding the commencement of the offer;
- (vii) the Placement Circular states that the waiver granted by the SIC to the Placee and its concert parties from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated at (i) to (vi) above;
- (viii) the Company obtains the SIC's approval in advance for those parts of the Placement Circular that refer to the Proposed Whitewash Resolution; and
- (ix) to rely on the Proposed Whitewash Resolution, the acquisition of the Placement Shares by the Placee must be completed within three months of the approval of the Proposed Whitewash Resolution.

The Placee has on 26 January 2017 incorporated an indirect wholly-owned subsidiary in Singapore, YGF, as the Actual Placee to subscribe for the Placement Shares, the Adjustment Shares (if any), the Warrants and the Warrant Shares.

On 24 April 2017, the Placee had further sought from the SIC the Whitewash Waiver for the Actual Placee. The SIC had, on 19 May 2017, granted the Whitewash Waiver to the Actual Placee and its concert parties subject to substantially similar conditions for the Placee except that references to the Placee in the SIC Conditions shall refer to the Actual Placee.

As at the Latest Practicable Date, all the above conditions imposed by SIC, except for conditions (i), (iii) and (ix), have been satisfied.

The Independent Shareholders are therefore asked to vote, on a poll, on the Proposed Whitewash Resolution set out as ordinary resolution in the Notice of EGM set out in the Placement Circular.

APPENDIX B – IFA LETTER (MAY 2017)

We recommend that the Board of Directors advise the Independent Shareholders that:

- (aa) by voting in favour of the Proposed Whitewash Resolution, they will be waiving their rights to receive a general offer for their Shares from the Actual Placee at the highest price paid by the Actual Placee and its concert parties in the six months preceding the commencement of the offer which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code;
- (bb) the allotment and issue of the Placement Shares to the Actual Placee will result in the Actual Placee and its concert parties holding Shares carrying more than 49% of the total voting rights of the Company, and the Actual Placee will thereafter be free to acquire further Shares (including but not limited to the Adjustment Shares and the Warrant Shares) without incurring any obligation under Rule 14 of the Code to make a general offer for the Company;
- (cc) by voting for the Proposed Whitewash Resolution, they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants; and
- (dd) in the context of the Whitewash Waiver, the Proposed Placement is conditional upon them voting in favour of the Proposed Whitewash Resolution. In the event that the Proposed Whitewash Resolution is not approved by the Independent Shareholders, the Proposed Placement will not be completed.

We note that the Whitewash Waiver is granted by the SIC in respect of the Actual Placee's subscription of the Placement Shares and does not include the Adjustment Shares and the Warrant Shares.

We note that the Actual Placee's subscription of the Placement Shares will result in the Actual Placee holding shareholding interest of more than 49% of the enlarged number of Shares. Hence, subsequent acquisition by the Actual Placee and its concert parties of further Shares (including the Adjustment Shares and Warrant Shares) will not trigger any Mandatory Offer obligations under the Code as highlighted in point (bb) above. However, if the shareholding interest of the Actual Placee and its concert parties should fall below 49%, then the issuance and allotment of the Adjustment Shares and Warrant Shares may trigger the Mandatory Offer obligations under Rule 14 of the Code.

We understand from the Company that the Placee and the Actual Placee have been made aware of the above.

As mentioned in Section 5 of this Letter, YGF will be the Actual Placee subscribing to the Placement Shares, Warrants and the Warrant Shares. YGF is deemed as a party acting in concert with the Placee.

7. EVALUATION OF THE PROPOSED WHITEWASH RESOLUTION

In our evaluation of the Proposed Whitewash Resolution, we have given due consideration to, *inter alia*, the following key factors:

- (a) rationale for the Proposed Placement;
- (b) assessment of the terms of the Proposed Placement;
- (c) dilution impact of the Proposed Placement on the Independent Shareholders; and
- (d) other relevant considerations in relation to the Proposed Placement which may have a significant bearing on our assessment of the Proposed Whitewash Resolution.

APPENDIX B – IFA LETTER (MAY 2017)

In view that the Actual Placee shall be the subscriber for the purpose of the Proposed Placement, all references made to the Placee in Section 7 of this Letter shall refer to the Actual Placee.

7.1 Rationale for the Proposed Placement

It is not within our terms of reference to comment or express an opinion on the merits of the Proposed Placement or the future prospects of the Group after the Proposed Placement. Nevertheless, we have reviewed the Company's rationale for the Proposed Placement as set out in Section 3.13 of the Placement Circular and reproduced in *italics* below.

"The Company requires funds for its working capital. As announced on 11 August 2016, the Group is aiming to step up its marketing and sales efforts for its range of processed fruit products in Singapore, China and Indonesia, and as announced on 13 May 2016, the Company intends to sell property, plant and equipment relating to its now-discontinued dehydrated produce business, and make a strategic shift towards an asset-light consumer-centric, brand-focused business model. The proceeds from the Proposed Placement would thus provide the Company with sufficient working capital to ensure business continuity. In the longer term, the Proposed Placement is being carried out to enable the Company to augment its cash flow and improve working capital for expansion purposes.

The Placee has a well-established presence in the PRC (details of which are set out in paragraph 3.2 of this Circular). The Company believes that there is synergy between the business of the Company and the Placee, and that the Placee's investment in the Company will provide much-needed working capital for the Company's needs, and strengthen the strategic and mutually beneficial cooperation between the Company and the Placee.

As stated in the 21 April Announcement, the sales orders entered into between the Company and the Placee are in line with the Company's focus on its "Network x Geography x Product" model, which represents a shift in business strategy from previous years where the Company was embroiled in a lengthy debt restructuring since 2008 and could only focus on keeping its business operations going.

The Placee has existing business dealings with the Alibaba group which may extend to the Placee tapping onto Alibaba's existing sales channels to sell fresh fruits. As the Placee intends to use the Group as one of its key sourcing arms for fresh fruits from the rest of the world outside the PRC, the Group would be able to conduct its trading business in the PRC by tapping on the well-established presence, business networks and sales channels of the Placee.

The Company does not anticipate that there will be any conflict of interests between the Group and the Placee in terms of competing businesses (for both sales and purchases) following the change of control in the Company, as the Placee operates in a business-to-consumer space while the Group operates in a business-to-business space. In addition, the majority of the trade volume for the Group in the PRC market has been derived from exports to the rest of the world, whereas the Placee has been importing fresh food from the rest of the world. The ability to sell directly to Chinese consumers by the Placee, and the wide network to source fresh fruits from the rest of the world by the Company, creates business synergy between the Group and the Placee."

The Company will raise gross proceeds of S\$15 million from the Proposed Placement and up to S\$9 million when the Warrants are exercised into the Warrant Shares.

The Company intends to utilise the entirety of the net proceeds from the Proposed Placement and the exercise of the Warrants into the Warrant Shares for general working capital purposes.

As described in Section 4.3 of this Letter, the issuance of the Adjustment Shares is a top-up mechanism under certain events and are issued at no cost to the Placee. Hence, no proceeds

APPENDIX B – IFA LETTER (MAY 2017)

will be raised by the Company upon the issuance and allotment of the Adjustment Shares to the Placee.

7.2 Assessment of the terms of the Proposed Placement

In assessing the Placement Price, we have considered the following:

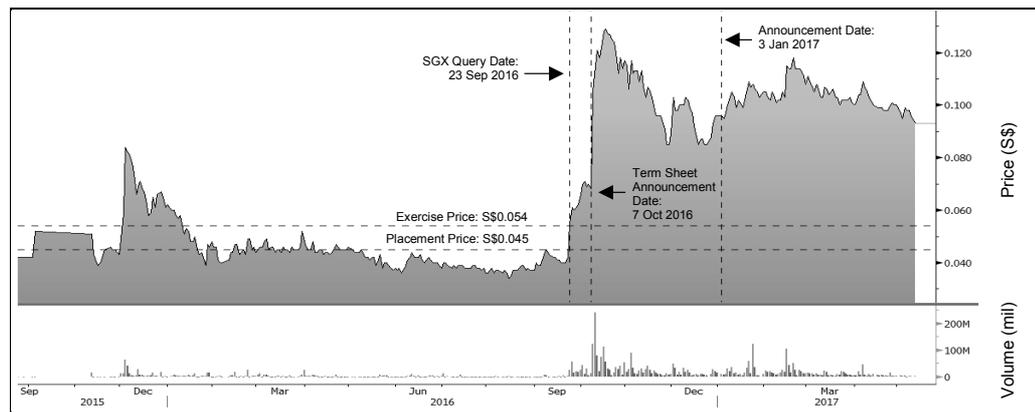
- (i) the historical share price performance and trading activity of the Shares;
- (ii) the financial analysis of the Group;
- (iii) a comparison of valuation ratios of selected listed companies which are broadly comparable with the Group;
- (iv) valuation of the Warrants; and
- (v) assessment of the adjustments to the Placement Price and Exercise Price, and the Adjustment Shares.

7.2.1 Historical share price performance and trading activity of the Shares

As set out in Section 3 and Section 4.1 of this Letter, the Shares had reacted with price increases and increase in trading volume, in the couple of weeks prior to the Term Sheet Announcement Date which had led to the SGX Query, and more so after the release of the announcement of the Term Sheet. It is therefore relevant to evaluate the terms of the Proposed Placement, that is, the Placement Price and the Exercise Price of the Warrants, against the backdrop of these events.

In assessing the Placement Price and Exercise Price, we have therefore compared them against the historical market price performance of the Shares and considered the historical trading volume of the Shares for the last 12 months from 23 September 2015 to 22 September 2016, being the last trading day prior to the SGX Query Date, and up to the Latest Practicable Date (“**Period Under Review**”).

**Price movement and trading volume of the Shares
for the Period Under Review**



Source: Bloomberg L.P.

Overview

For the one year period prior to the SGX Query Date, we observed that the Shares were trading from a low of S\$0.034 to a high of S\$0.095.

APPENDIX B – IFA LETTER (MAY 2017)

For two months from 23 September 2015 (being the start of the Period Under Review) to 9 November 2015, trading on the Shares were suspended pending clarification and resolution on matters relating to the Code. When the Shares resumed trading on 11 November 2015, the Shares were last traded at S\$0.051 on 11 November 2015 but spiked to a high of S\$0.095 on 4 December 2015 for reasons unknown to the Company as the Company had issued a negative statement following the SGX query.

Since then, the Share price had trended downwards and for the period between 4 January 2016 and the SGX Query Date, the Shares had traded between a low of S\$0.034 and a high of S\$0.065. The Shares were last transacted at S\$0.042 on 22 September 2016, being the last full trading day prior to the SGX Query Date.

On 23 September 2016, the Share price had jumped significantly on heavy trading volume. This had prompted the query from the SGX-ST. The Company had then responded on 25 September 2016 that the Group has been continuously exploring opportunities, and is engaged in ongoing negotiations with various parties on potential transactions.

After trading hours on 7 October 2016, being the Term Sheet Announcement Date, the Company announced the Term Sheet in relation to the Proposed Placement. The Shares were last transacted at S\$0.068 on 7 October 2016.

Following the announcement of the Term Sheet, the Share price had increased even more significantly to a high of S\$0.14 on 11 October 2016. Since then, the Share price has retracted somewhat and the Shares have been trading at around S\$0.10.

The Shares were last transacted at S\$0.096 on 30 December 2016, being the Announcement date of the Placement Agreement. As at the Latest Practicable Date, the Shares were last transacted at S\$0.093.

The Placement Price and the Exercise Price of S\$0.045 and S\$0.054 represent:

- (a) premia of 7.1% and 28.6% respectively above the last transacted Share price of S\$0.042 on 22 September 2016, being the last full trading day prior to the SGX Query Date;
- (b) discounts of 33.8% and 20.6% respectively to the last transacted Share price of S\$0.068 on 7 October 2016, being the Term Sheet Announcement Date. The Term Sheet was announced after trading hours on 7 October 2016;
- (c) discounts of 53.1% and 43.8% respectively to the last transacted Share price of S\$0.096 on 30 December 2016, being the full trading day prior to the Announcement Date; and
- (d) discounts of 51.6% and 41.9% respectively to the last transacted Share price of S\$0.093 on the Latest Practicable Date.

The premia that the Placement Price and Exercise Price had above the market Share prices had become significant discounts to the current market Share prices as the market Share prices had held up well following the announcement of the Term Sheet in relation to the Proposed Placement.

Market Statistics

In addition to the share price chart above, we have tabulated selected statistical information on the Share price performance and trading liquidity of the Shares for the Period Under Review as set out below:

Reference period	Highest traded price (\$)	Lowest traded price (\$)	VWAP ⁽¹⁾ (\$)	Premium / (Discount) of Placement Price over/(to) VWAP (%)	Number of traded days ⁽²⁾	Average daily trading volume ⁽³⁾ ('000)	Average daily trading volume as a percentage of free float ⁽⁴⁾ (%)
<u>Prior to SGX Query Date</u>							

APPENDIX B – IFA LETTER (MAY 2017)

Reference period	Highest traded price (S\$)	Lowest traded price (S\$)	VWAP ⁽¹⁾ (S\$)	Premium / (Discount) of Placement Price over/(to) VWAP (%)	Number of traded days ⁽²⁾	Average daily trading volume ⁽³⁾ ('000)	Average daily trading volume as a percentage of free float ⁽⁴⁾ (%)
Last 1 year	0.095	0.034	0.0564	(20.2)	214	2,907	1.22
Last 6 months	0.056	0.034	0.0439	2.6	124	1,622	0.68
Last 3 months	0.047	0.034	0.0405	11.0	61	1,274	0.54
Last 1 month	0.047	0.037	0.0424	6.1	21	1,428	0.60
22 September 2016 (being the last trading day prior to the SGX Query Date)	0.042	0.041	0.0418	7.6	1	1,445	0.61
<u>SGX Query Date to the Term Sheet Announcement Date</u>							
From 23 September 2016 to the 7 October 2016 (last trading day prior to the Term Sheet Announcement Date)	0.075	0.043	0.0645	(30.2)	11	24,116	10.13
7 October 2016 (last trading day prior to the Term Sheet Announcement Date)	0.071	0.067	0.0695	(35.2)	1	13,974	5.87
<u>After the Term Sheet Announcement Date to the Announcement Date</u>							
From 10 October 2016 to the 30 December 2016 (last trading day prior to the Announcement Date)	0.140	0.072	0.1119	(59.8)	59	29,808	12.52
30 December 2016 (last trading day prior to the Announcement Date)	0.099	0.096	0.0972	(53.7)	1	15,412	6.47
<u>After the Announcement Date to the Latest Practicable Date</u>							
From 3 January 2017 to the Latest Practicable Date	0.121	0.093	0.1070	(57.9)	89	15,518	6.52
Latest Practicable Date	0.095	0.093	0.0941	(52.2)	1	2,173	0.91

Source: Bloomberg L.P.

Notes:

- (1) The VWAP for the respective periods are calculated based on the VWAP turnover divided by VWAP volume as extracted from Bloomberg L.P. VWAP turnover is computed based on the aggregate daily turnover value of the Shares and VWAP volume is computed based on the aggregate daily trading volume of the Shares for the respective periods. Off market transactions are excluded from the calculation;
- (2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during the period;
- (3) The average daily trading volume of the Shares is computed based on the total volume of Shares traded on the SGX-ST (excluding off market transactions) during the relevant periods, divided by the number of days when the SGX-ST was open for trading (excluding days with full day trading halts on the Shares) during that period; and
- (4) Free float refers to the Shares other than those directly and deemed held by the Directors and substantial Shareholders. For the purpose of computing the average daily trading volume as a percentage of free float, we have used the free float of approximately 238.1 million Shares based on the free float of 74.7% as disclosed in the Company's Annual Report for FY2015.

We observe the following with regard to the Share price performance of the Company for the Period Under Review:

APPENDIX B – IFA LETTER (MAY 2017)

- (a) Over the 1-year period prior to the SGX Query Date, the Shares had traded between a low of S\$0.034 and a high of S\$0.095. The Placement Price represents a premium of S\$0.011 (or 32.4%) above the lowest transacted price and a discount of S\$0.050 (or 52.6%) to the highest transacted price during this period;
- (b) The Placement Price represents a discount of approximately 20.2% to the VWAP of the shares for the 12-months period, and a slight premium of approximately 2.6%, 11.0% and 6.1% above the VWAP of the Shares for the 6-months, 3-months and 1-month period prior to the SGX Query Date respectively;
- (c) The Placement Price represents a premium of approximately 7.1% above the last transacted price of the Shares of S\$0.042 on 22 September 2016, being the last full trading day prior to the SGX Query Date;
- (d) From the SGX Query Date and up to the Term Sheet Announcement Date, the Shares had traded between a low of S\$0.043 and a high of S\$0.075. The Placement Price represents a premium of S\$0.002 (or 4.7%) above the lowest transacted price and a discount of S\$0.030 (or 40.0%) to the highest transacted price during this period.
- (e) The Placement Price represents a discount of approximately 33.8% to the last transacted price of the Shares of S\$0.068 on 7 October 2016, being the Company's last trading day prior to the Term Sheet Announcement Date;
- (f) From the Term Sheet Announcement Date to the Announcement Date, the Shares had traded between a low of S\$0.072 and a high of S\$0.140. The Placement Price represents a discount of S\$0.027 (or 37.5%) to the lowest transacted price and a discount of S\$0.095 (or 67.9%) to the highest transacted price during this period.
- (g) The Placement Price represents a discount of approximately 53.1% to the last transacted price of the Shares of S\$0.096 on 30 December 2016, being the Company's last trading day prior to the Announcement Date;
- (h) Since the Announcement Date and up to the Latest Practicable Date, the Shares had traded between S\$0.093 and S\$0.121 or at the VWAP of S\$0.107. The Placement Price represents a discount of 57.9% to the VWAP of the Shares. As at the Latest Practicable Date, the Shares were last transacted at S\$0.093. The Placement Price represents a discount of 51.6% to the last transacted price on the Latest Practicable Date; and
- (i) In spite of the potential issue of a significant number of Placement Shares and Warrant Shares, totalling 500 million new Shares, which will have a significant shareholding dilution effect on the shareholdings of existing Shareholders, the market Share price had continued to hold up well above the Placement Price and the Exercise Price, presumably in anticipation of the participation of the new controlling Shareholder in the Group.

The above observation on the Placement Price viz-a-viz the market Share price performance also applies to the Exercise Price, except that, in the case of a premium, the Exercise Price will represent a higher premium, and in the case of a discount, the Exercise Price will represent a smaller discount to the market Share price, as the Exercise Price is set at a premium of 20% above the Placement Price.

We observe the following with regard to the trading liquidity of the Shares:

- (i) the Shares had been traded on most days during the Period Under Review except when trading on the Shares were suspended during the early part of the Period Under Review; and
- (ii) The Shares were also actively traded especially during the SGX Query and following the SGX Query up to the Latest Practicable Date. The average daily trading volume of the Shares was 24.1 million Shares, representing 10.1% of the free float of the Shares for the period between the SGX Query Date and the Term Sheet Announcement Date; and

APPENDIX B – IFA LETTER (MAY 2017)

29.8 million Shares, representing 12.5% of the free float of the Shares for the period after the Term Sheet Announcement Date to the Announcement; and 15.5 million Shares, representing 6.5% of the free float of the Shares for the period after the Announcement Date to the Latest Practicable Date.

7.2.2 Financial analysis of the Group

Financial performance of the Group

We set out below a summary of the financial results of the Group for the last two financial years ended 31 December 2014 (“FY2014”) and 31 December 2015 (“FY2015”) and the results of the Group for 12M2016:

S\$'000	← Audited →		Unaudited
	FY2014 (restated) ⁽¹⁾	FY2015	12M2016 ⁽²⁾
Continuing Operations			
Revenue	15,861	14,093	17,135
Cost of sales	(14,732)	(13,067)	(16,496)
Gross profit	1,129	1,026	639
Other income	214	378	6,178
Selling and distribution expenses	(1,272)	(1,343)	(1,858)
Administrative expenses	(2,881)	(4,212)	(2,531)
Other expenses	(24)	(3)	(378)
Finance cost	-	-	(2)
(Loss) / Profit before income tax from continuing operations	(2,834)	(4,154)	2,048
Income tax	-	-	-
Discontinued Operations			
Profit / (Loss) from discontinued operation, net of income tax	728	2,053	(738)
(Loss) / Profit for the year / period	(2,106)	(2,101)	1,310

Source: The Company's annual report for FY2015 and the Company's results announcement for 12M2016.

Notes:

- (1) Certain reclassification and re-presentation have been made to the FY2014 statement of financial position and statement of profit or loss and other comprehensive income due to discontinued operations and to enhance comparability with FY2015 presentation; and
- (2) The Company has, on 23 January 2017, announced the change in its financial year end from 31 December to 31 March. For the purpose of the Proposed Placement, the Company will carry out an audit of the financial statements of the Group for 12M2016 to determine the audited NAV of the Group as at 31 December 2016. As at the Latest Practicable Date, the audited financial statements of the Group for 12M2016 is not available.

Review of Operation Results

FY2015 vs FY2014

The Group recorded a decrease in revenue of S\$1.8 million or 11.1%, from S\$15.9 million in FY2014 to S\$14.1 million in FY2015, due mainly to the decrease in sales arising from quota restriction of China fresh fruits in the Indonesian market. Gross profit margin improved slightly from 7.1% in FY2014 to 7.3% in FY2015.

APPENDIX B – IFA LETTER (MAY 2017)

Other income in FY2015 was due mainly to net foreign exchange gain.

The Group recorded a significant increase in administrative expenses by S\$1.3 million or 46.2%, from S\$2.9 million in FY2014 to S\$4.2 million in FY2015, which was due mainly to compensation in relation to the settlement of fees payable to nTan Corporate Advisory Pte Ltd (“nTan”) for services rendered to the Company.

As a result, the Group suffered an increase in the loss before income tax from continuing operations of S\$1.3 million or 46.6%, from S\$2.8 million in FY2014 to S\$4.1 million in FY2015.

From July 2015, the Group made a strategic decision to shift towards an asset-light business model. Consequently, the Company had, *inter alia*, ceased the production of dehydrated products and continued to sell down its dehydrated inventories. As a result, the Group recorded a substantial increase in profit from discontinued operation, net of income tax, of S\$1.3 million or 182.0% from S\$0.7 million in FY2014 to S\$2.0 million in FY2015.

In spite of the profit from discontinued operations, the Group continued to suffer a loss after income tax of S\$2.1 million for FY2015, a similar level of losses that the Group had incurred in FY2014.

12M2016 vs FY2015

The Group recorded an increase in revenue of S\$3.0 million or 21.6% from S\$14.1 million in FY2015 to S\$17.1 million in 12M2016, due mainly to the increased sales to the China market. Gross profit margin, however, decreased by 3.6 percentage points from 7.3% in FY2015 to 3.7% in 12M2016, due mainly to credit notes given to customers pertaining to transactions in previous quarters of approximately S\$740,000.

Other income increased significantly by S\$5.8 million from S\$0.4 million in FY2015 to S\$6.2 million in 12M2016 due mainly to gain on disposal of S\$5.7 million of the Group’s subsidiaries (namely, FYPL and Old Taian) in the fourth quarter of 2016.

Administrative expenses decreased by S\$1.7 million or 40.0% from S\$4.2 million in FY2015 to S\$2.5 million in 12M2016, due mainly to the settlement of the nTan case in FY2015.

Accordingly, results of the Group improved by S\$6.2 million from a loss of S\$4.2 million in FY2015 to a profit of S\$2.0 million in 12M2016.

The Group recorded a significant decrease in profit from its discontinued operation, net of income tax, from a profit of S\$2.0 million in FY2015 to a loss of S\$0.7 million in 12M2016, due mainly to the discontinued operation which started from the second half of 2015 and the sale of some remaining dehydrated inventories in FY2015.

As a result, the Group reported a profit of S\$1.3 million for 12M2016 compared a loss of S\$2.1 million in FY2015.

Price-Earnings Ratio (“PER”) implied by the Placement Price

Price-earnings ratio illustrates the valuation ratio of the current market value of a company’s shares relative to its consolidated basic earnings per share as stated in its financial statements. The PER is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets. The PER is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern.

As set out above, the Group had incurred net losses in FY2014 and FY2015, and reported a profit after taxation from continuing operations of S\$2.0 million for 12M2016. However, we note that the above net profit for 12M2016 includes a one-off gain from the disposal of subsidiaries of S\$5.7 million. After adjusting for the one-off gain, the Group would have incurred a net loss of S\$3.7 million for 12M2016. As such, given the last three years’ of operational losses, an

APPENDIX B – IFA LETTER (MAY 2017)

evaluation on the valuation of the Company based on PER implied by the Placement Price is not meaningful.

Financial position of the Group

A summary of the unaudited financial position of the Group as at 31 December 2016 is set out below:

S\$'000	Unaudited as at 31 December 2016
<u>Non-current asset</u>	
Property, plant and equipment	192
Total non-current asset	192
 <u>Current assets</u>	
Cash and cash equivalents	2,338
Trade and other receivables	9,353
Prepayments	1,134
Inventories	688
Non-current assets held-for-sales	3,677
Total current assets	17,190
 Total assets	 17,382
 <u>Non-current liabilities</u>	
Finance leases obligation	78
Total non-current liabilities	78
 <u>Current liabilities</u>	
Bank loan - secured	2,082
Trade payables	2,083
Other payables	3,781
Finance leases obligation	19
Total current liabilities	7,965
 Total liabilities	 8,043
 <u>Equity</u>	
Share capital	124,508
Capital reserve	944
Capital reduction reserve	18,384
Foreign currency translation reserve	1,398
Asset revaluation reserve	2,510
General reserve	232
Accumulated losses	(138,637)
Total equity/NAV	9,339

APPENDIX B – IFA LETTER (MAY 2017)

S\$'000	Unaudited as at 31 December 2016
Number of issued Shares	318,784,382
NAV per Share	S\$0.0293

Source: The Company's unaudited results announcement of the Group for 12M2016

Review of Financial Position

The assets of the Group totalling S\$17.4 million comprise mainly current assets which consist of mainly trade and other receivables of S\$9.4 million (53.8% of total assets), non-current assets held-for-sale of S\$3.7 million (21.2% of total assets), cash and cash equivalents of S\$2.3 million (13.5% of total assets) and prepayments of S\$1.1 million (6.5% of total assets). The non-current assets held-for-sale is in relation to the property, plant and equipment of the subsidiaries to be disposed of, which relates to the Discontinued Dehydrated Produce Business.

The liabilities of the Group totalling S\$8.0 million comprise mainly current liabilities which consist of mainly trade payables of S\$2.1 million (25.9% of total liabilities), other payables of S\$3.8 million (47.0% of total liabilities), and bank borrowings and finance leases of S\$2.2 million (27.1% of total liabilities).

Total equity comprises mainly paid-up share capital of S\$124.5 million, reserves of S\$23.5 million and accumulated losses of S\$138.6 million.

The NAV of the Group as at 31 December 2016 was S\$9.3 million, representing NAV per Share of S\$0.0293 based on 318,784,382 outstanding Shares in issue as at 31 December 2016. The number of outstanding Shares has not changed since 31 December 2016 to the Latest Practicable Date. The Group does not have any intangible assets as at 31 December 2016. Accordingly, the net tangible asset (“NTA”) of the Group is equivalent to its NAV as at 31 December 2016.

Price-to-NTA (“P/NTA”) ratio of the Group

We have assessed the Placement Price using the NTA based valuation approach, which shows the extent to which the value of each Share is backed by its NTA. The NTA based valuation provides an estimate of the value of a company assuming the hypothetical sale of all its assets over a reasonable period of time and would be more relevant for asset-based companies or where the subject company intends to realise or convert the uses of all or most of its assets. Such a valuation approach would be particularly appropriate when applied in circumstances where the business is to cease operations or where the profitability of the business being valued is not sufficient to sustain an earnings based valuation.

As the Group is loss making, the NTA based valuation approach is appropriate in assessing the valuation of the Group, implied by the Placement Price.

We have evaluated the implied P/NTA ratio of the Group as ascribed by the Placement Price based on the Group's latest unaudited NTA of S\$9.3 million as at 31 December 2016, or S\$0.0293 per Share.

Based on the Group's unaudited NTA per Share of S\$0.0293 as at 31 December 2016, the Placement Price values the Group on a P/NTA ratio of approximately 1.54 times, that is, the Placement Price is at a premium of 53.6% above the NTA per Share.

The Exercise Price, which is set at a premium of 20% above the Placement Price, represents a higher premium of 84.3% above the NTA per Share as at 31 December 2016.

APPENDIX B – IFA LETTER (MAY 2017)

In our evaluation of the financial terms of the Proposed Placement, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the unaudited statement of financial position of the Group as at 31 December 2016, and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact the NTA of the Group as at 31 December 2016.

The Group does not have any significant properties or non-current assets as at 31 December 2016. As such, the Company did not carry out any valuation of its assets.

In respect of the above, we have sought the following confirmation from the Directors and the Management, and they have confirmed to us that as at the Latest Practicable Date, save as disclosed above and in the Company's results announcements for 12M2016, to the best of their knowledge and belief:

- (a) there are no material differences between the realisable values of the Group's assets and their respective book values as at 31 December 2016 which would have a material impact on the NTA of the Group;
- (b) there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NTA of the Group as at the Latest Practicable Date;
- (c) there is no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;
- (d) there are no intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and
- (e) there are no material acquisitions or disposals of assets by the Group between 31 December 2016 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the Group's business.

7.2.3 Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group

For the purpose of assessing the Placement Price, we have also made a comparison against the valuation ratios of selected companies listed on the SGX-ST which are broadly comparable with the Group. In this regard, we have had discussions with the Management on the selection of the comparable companies which are similar to the Group. For a more meaningful comparison, we have selected such listed companies with a market capitalisation of S\$200 million and below as broad proxies to the Group ("**Comparable Companies**").

Relevant information has been extracted from Bloomberg L.P., publicly available annual reports and/or public announcements of the selected Comparable Companies. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The accounting policies of the selected Comparable Companies with respect to the values for which the assets, revenue or cost are recorded may differ from that of the Group.

We wish to highlight that the selected Comparable Companies are not exhaustive and it should be noted that there may not be any listed company that is directly comparable to the Group in terms of location, business activities, customer base, size of operations, asset base, geographical spread of activities, geographical markets, track record, financial performance, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting

APPENDIX B – IFA LETTER (MAY 2017)

policies, risk profile and other relevant criteria. As such, any comparison made herein is necessarily limited and it may be difficult to place reliance on the comparison of valuation statistics for the selected Comparable Companies. Therefore, any comparison made serves only as an illustrative guide.

A brief description of the selected Comparable Companies, as extracted from Bloomberg L.P. is set out below:

Company name	Principal business
Hosen Group Ltd ("Hosen")	Hosen distributes fast moving consumer goods (FMCGs) under its house brands as well as under third party leading brands. The Company has its own lines of canned fruits, vegetables, seafood, meat products and beverages.
Zhongxin Fruit & Juice Ltd ("Zhongxin")	Zhongxin produces and sells fruit juice concentrate. The Company also produces animal feed using apple pomace generated from the production process of apple juice concentrate.
Sino Grandness Food Industry Group Ltd ("Sino Grandness")	Sino Grandness processes food. The Company cans fruits and vegetables including asparagus, long beans, mushrooms, bamboo shoots, sweet corn, chillies, lychees, pineapples and peaches.
China Kangda Food Co Ltd ("China Kangda")	China Kangda is a diversified food processing group. The Company processes a wide range of foods, including chicken, rabbit meat, seafood and vegetables.
Yamada Green Resources Ltd ("Yamada")	Yamada grows, manufactures, and supplies fresh and processed agricultural products. The Company has two major product segments that includes the self-cultivation of moso bamboo trees, bamboo shoots, and shiitake mushrooms, as well as processed vegetables and konjac-based dietary fibre food products. Yamada operates in Asia.

Source: Bloomberg L.P.

For the purpose of our evaluation and for illustration, we have made comparison between the Group and the selected Comparable Companies mainly using the P/NTA, also known as the NTA approach, to show the extent the value of each share is backed by its net tangible assets. The NTA approach of valuing a group of companies is based on the aggregate value of all the assets of the group in their existing condition, after deducting the sum of all liabilities and intangible assets of the group.

The comparison with the Comparable Companies using the PER approach is not meaningful as the Group is loss-making but nonetheless, it is shown below for reference purposes only.

Company name	Last financial year end	Market capitalisation as at the Announcement Date (\$'million)	Historical PER ⁽¹⁾ (times)	Historical P/NTA ratio ⁽²⁾ (times)
Hosen	31 Dec 2016	12.3	n.m. ⁽³⁾	0.5
Zhongxin	30 Jun 2016	9.5	34.6 ⁽⁴⁾	0.7
Sino Grandness	31 Dec 2016	165.0	1.4	0.3
China Kangda	31 Dec 2016	123.4	n.m. ⁽³⁾	1.0
Yamada	30 Jun 2016	89.3	12.4	0.4
High			12.4	1.0
Low			1.4	0.3
Mean			6.9	0.6
Median			6.9	0.5
The Company (implied by the Placement Price)	31 Mar 2017⁽⁵⁾	14.3	n.m.	1.5

APPENDIX B – IFA LETTER (MAY 2017)

Source: *Bloomberg L.P., annual reports and latest publicly available financial information on the Comparable Companies as at the Announcement Date*

Notes:

- (1) The historical PERs of the Comparable Companies were computed based on their respective latest published full year earnings or their trailing 12-month earnings, where applicable, as set out in their latest available published financial statements as at the Announcement Date;
- (2) The P/NTA ratios of the Comparable Companies were computed based on their respective NTA values as set out in their latest published financial statements as at the Announcement Date;
- (3) n.m. means not meaningful;
- (4) Excluded as statistical outlier; and
- (5) The Company had, on 23 January 2017, announced the change in financial year end from 31 December to 31 March. Accordingly, the last financial year end for the Company as at the Latest Practicable Date is 31 March 2017. However, the Company has not announced its results for the financial year ended 31 March 2017 as at the Latest Practicable Date. P/NTA ratio is based on the unaudited NTA of the Group as at 31 December 2016.

Based on the above, we note that:

- (i) the T12 PER of the Group implied by the Placement Price is not meaningful as the Group had reported losses for 12M2016; and
- (ii) the P/NTA ratio of the Group of 1.5 times implied by the Placement Price is higher than the range of the historical P/NTA ratios of the Comparable Companies and higher than the mean and median P/NTA ratio of the Comparable Companies.

As at the Latest Practicable Date, we have reassessed the PERs and P/NTA ratios of the Comparable Companies and we note that:

- (i) the T12 PER of the Group implied by the Placement Price is still not meaningful as there is no further announcement of financial results of the Group after 12M2016 as at the Latest Practicable Date; and
- (ii) the P/NTA ratio of the Group implied by the Placement Price is still higher than the range of the historical P/NTA ratios of the Comparable Companies and higher than the mean and median P/NTA ratio of the Comparable Companies.

7.2.4 Valuation of the Warrants

As analysed in Section 7.2.1 of this Letter, the market Share price had reacted positively to the Company's announcements to the SGX Query and the Term Sheet. As a result, the Warrants are considered "in-the-money" from the perspective of the Placee as the Exercise Price of the Warrants of S\$0.054 per Warrant Share is substantially below the current market Share price of around S\$0.10. The Warrants have an intrinsic value of S\$0.046 per Warrant based on the current market Share price of around S\$0.10.

For illustration purposes, we have shown below the Exercise Price as a percentage premium/(discount) above/(to) the last transacted Share prices at the relevant dates:

	Last transacted Share price (S\$)	Exercise Price as a premium /(discount) above/(to) the last transacted Share price (%)
On 22 September 2016, being the day before the SGX Query Date	0.042	28.6
On 7 October 2016, being the Term Sheet Announcement Date	0.068	(20.6)
On 30 December 2016, being the day before the Announcement Date	0.096	(43.8)

APPENDIX B – IFA LETTER (MAY 2017)

Latest Practicable Date	0.093	(41.9)
-------------------------	-------	--------

Based on the terms of the Warrants, the Warrants are issued free of charge to the Placee, together with the Placement Shares. Each Warrant carries the right to subscribe to one Warrant Share at the Exercise Price of S\$0.054 for each Warrant Share, which may be exercised at any time for a period of three years from the date of issue of the Warrants. The Warrants are not listed on any stock exchange but is transferable. The Warrant Shares, when issued, are subject to the moratorium period of six months pursuant to the Placee's Undertaking.

We have considered the valuation of the Warrants using the theoretical value of the Warrants based on the Black-Scholes model, which is the methodology commonly used in the valuation of call warrants. The theoretical value of the warrants is a function of, *inter alia*, the exercise price of the warrants *vis-à-vis* the current price of the underlying shares, the exercise period of the warrants, the nature of the call option whether it is a European call option (which is only exercisable on a predetermined exercise date) or an American call option (which can be exercised at any time prior to the expiry date of the warrant), the risk-free interest rate, the price volatility of the underlying shares and the dividend yield of the shares.

However, the valuation of the Warrants using the Black-Scholes model is not meaningful nor appropriate for the following reasons: (a) the Warrants to be issued to the Placee are not listed and traded on any stock exchange. This would negate most of the time value of the Warrants, if any, as most of the time value of these Warrants could be realised if the Placee could trade or arbitrage these Warrants in the open market; (b) the trading liquidity of the Shares is relatively low prior to the SGX Query Date; and (c) the Share prices had exhibited significant volatility as the absolute Share price is low and a S\$0.01 increase or decrease in Share price could result in significant percentage price fluctuation.

The Shares have traded at higher prices since the SGX Query Date, resulting in the Warrants being significantly "in-the-money".

In addition, pursuant to the Placee's Undertaking, the Placee has undertaken that it will not sell or transfer any of the Warrant Shares for a period of six months from their respective dates of issuance upon the exercise of the Warrants. The potential gains from the "in-the-money" Warrants is therefore uncertain, subject to market conditions and market sentiments on the Shares, after the issuance of the Warrant Shares as a result of the six months moratorium period.

For illustration purposes, the Warrants are "in-the-money" and have an intrinsic value of S\$0.039 per Warrant based on the current market Share price of S\$0.093 as at the Latest Practicable Date and the Exercise Price of S\$0.054.

7.2.5 Assessment of the adjustments to the Placement Price and Exercise Price, and the Adjustment Shares

Adjustments to the Placement Price and Exercise Price

As set out in Section 4.2 of this Letter, the Placement Price and the Exercise Price of the Warrants are subject to adjustments under certain circumstances, *inter alia*, when the Company issues new Shares or equity derivatives before the completion of the Proposed Issue of Placement Shares at an issue price or exercise price respectively which are lower than the Placement Price or the Exercise Price, as the case may be, or the Company carries out a sub-division or consolidation of Shares or a bonus issue of Shares.

In this regard, the Company had confirmed that it does not intend to issue any new Shares or to undertake any sub-division or consolidation of the Shares or bonus issues of Shares on or prior to the Completion Date.

Pursuant to the Amendment Agreement, the Company has also undertaken not to issue any equity derivatives at any time up to and including the Completion Date.

APPENDIX B – IFA LETTER (MAY 2017)

In view of the above confirmation and undertaking by the Company, there is unlikely for any adjustments to the Placement Price and the Exercise Price of the Warrants before the Completion Date.

With respect to the Warrants which have an exercise period of three years, the adjustments to the number of Warrants and Exercise Price of the Warrants during the life of the Warrants are governed by the Deed Poll. The detailed terms of adjustments are set out in Section 2 of Appendix A to the Placement Circular.

Such adjustments can be considered as conventional anti-dilutive mechanism to protect the Placee before the expiry date of the Warrants.

In addition, pursuant to the Amendment Agreement, a new clause is added to the Deed Poll, as condition 5(k) as follows:

“Notwithstanding anything to the contrary in these Conditions or the Deed Poll, in the event of any proposed modification(s) to Clause 5 of the Deed Poll relating to the adjustments of Exercise Price and number of Warrants, and where such modification(s) to be made is/are prejudicial to the interests of the shareholders of the Company, such modification(s) shall be subject to the approval of independent shareholders of the Company.”

Adjustment Shares

As set out in Section 4.3 of this Letter, the Adjustment Shares will be issued to the Placee at no cost to the Placee, as a top-up to the Placement Shares, upon the occurrence of certain events. The following are some of the key events summarised below:

- (a) losses and/or costs arising for the Group from the disposal, winding up and/or liquidation of the Dehydrated Produce Business (other than the amounts fully provided for or written off);
- (b) if the NAV of the Group based on the audited accounts as at 31 December 2016 falls 10% or more below S\$10 million.

Based on the results announcement of the Group for 12M2016, the unaudited NAV of the Group as at 31 December 2016 is S\$9.3 million, which is within the allowance of 10% from S\$10 million as stated above. If the audited NAV of the Group as at 31 December 2016 is within the 10% allowance, then no Adjustment Shares will be issued to the Placee under this event.

As at the Latest Practicable Date, the audited NAV of the Group as at 31 December 2016 is not available yet;

- (c) any losses and/or costs to the Group arising from the disposal, winding up and/or liquidation of any of the subsidiaries (other than the amounts fully provided for or written off);
- (d) for a period of three years after Completion, any losses and/or costs to the Group arising from its transactions with the Harvest Season Group and its affiliates as set out in the HS Acquisition Circular;
- (e) for a period of three years after Completion, any losses and/or costs to the Group arising from its transactions with PT Fresh; and
- (f) losses and/or costs to the Group arising from any breach of certain warranties set out in the Placement Agreement.

For avoidance of doubt, the losses and/or costs set out in events under (a), (c), (d) and (e) above may be aggregated and set off against gains, (if any, over the net book value of the

APPENDIX B – IFA LETTER (MAY 2017)

relevant businesses and subsidiaries as at 30 September 2016) arising from the disposal of or liquidation of the assets and businesses pursuant to events under (a) and (c).

The number of Adjustment Shares cannot be determined at this point in time as the determination of, *inter alia*, the losses and/or costs can only be ascertained up to three years after the completion of the Proposed Issue of Placement Shares.

We understand from Management that the negotiations between the Company and the Placee on the terms of the Proposed Placement were based on the expected NAV of the Group of S\$10 million and a relatively “cleaned-up” Group after the various disposals and/or liquidation of loss making businesses and dormant companies, and the settlement of various outstanding matters.

The number of Adjustment Shares to be issued to the Placee is equivalent to such losses and/or costs divided by the Adjustment Share Price. In the event that there are no changes to the capital structure of the Company over the next three years from the date of issue of the Placement Shares arising from, *inter alia*, share consolidation, subdivision or conversion, capitalisation issue, capital distribution or rights issue, the Adjustment Share Price will be the Placement Price of S\$0.045. Otherwise, the Adjustment Share Price will be adjusted according to the mechanisms as set out in Section 1 of Appendix A to the Placement Circular.

Hence, the basis of computing the number of Adjustment Shares is to compensate the Placee against any potential losses which it may suffer as a result of these unexpected losses or claims against the Group after the Placee becomes the controlling Shareholder.

For clarity, each of the Company and the Placee has also undertaken that from the date of the Placement Agreement and up to the date of issue of the Adjustment Shares (which could be up to three years from the Completion Date), it shall procure that no equity derivatives will be issued by the Company at an exercise price or conversion price lower than the Adjustment Share price.

7.3 Dilution impact of the Proposed Placement on the Independent Shareholders

For the purpose of illustrating the dilution effect of the Proposed Placement on the Independent Shareholders, on the basis that the Proposed Whitewash Resolution is passed by the Independent Shareholders, we have computed the dilution effect based on the existing number of issued Shares of 318,784,382 Shares. The existing Shareholders are considered Independent Shareholders as the Placee and its concert parties do not own any Shares as at the Latest Practicable Date.

Among the existing Shareholders, First Alverstone Capital Ltd (“**FACL**”), in which Mr Gary Loh Hock Chuan, the Executive Chairman, and his wife, have a deemed interest, is currently the controlling Shareholder. As a result of the Proposed Placement, FACL’s interest in the Company, along with the other public Shareholders, will be diluted substantially. FACL will cease to be the controlling Shareholder but will remain as a substantial Shareholder after the Proposed Placement.

As at the Latest Practicable Date, the Company does not have any outstanding convertible securities which are convertible or exchangeable into new Shares.

The shareholding dilution effect of the Proposed Placement on the existing Shareholders is shown in the table below:

	Existing shareholding before the issuance of the Placement Shares		Enlarged shareholding after the issuance of the Placement Shares but before the issuance of the Warrant Shares		Enlarged shareholding after the issuance of the Placement Shares and all the Warrant Shares	
	Shares held	%	Shares held	%	Shares held	%
Placee	–	–	333,333,333	51.1	500,000,000	61.1
FACL	80,712,772	25.3	80,712,772	12.4	80,712,772	9.9

APPENDIX B – IFA LETTER (MAY 2017)

Public Shareholders	238,071,610	74.7	238,071,610	36.5	238,071,610	29.1
Total	318,784,382	100.0	652,117,715	100.0	818,784,382	100.0

The Placee and its concert parties will become the new controlling Shareholder with majority shareholding interest of 51.1% in the Company immediately after the issuance of the Placement Shares and before the issuance of the Warrant Shares. FACL's shareholding interest will be diluted from 25.3% to 12.4% of the enlarged number of issued Shares immediately after the issuance of the Placement Shares. FACL will cease to be a controlling Shareholder but will remain as a substantial Shareholder immediately after the issuance of the Placement Shares.

Similarly, the public Shareholders will have their aggregate shareholding interest in the Company diluted from 74.7% to 36.5% of the enlarged number of issued Shares after the issuance of the Placement Shares and before the issuance of the Warrant Shares.

Upon the exercise of all the Warrants into the Warrant Shares, the Placee's shareholding interest in the Company will increase further to 61.1%, and FACL and the public Shareholders will have their shareholding interests in the Company diluted further to 9.9% and 29.1% respectively.

The Adjustment Shares, if any, to be issued to the Placee on the occurrence of certain events as set out in Section 3.6 of the Placement Circular and Section 4.3 of this Letter, will further increase the Placee's shareholding interest in the Company, and consequently further dilute FACL and the public Shareholders' shareholding interests in the Company.

The number of Adjustment Shares cannot be determined at this point in time as the determination of, *inter alia*, the losses and/or costs can only be ascertained up to three years after the completion of the Proposed Issue of Placement Shares. Shareholders' approval at the EGM for the Proposed Placement will include any potential issuance of the Adjustment Shares to the Placee.

Independent Shareholders should note that the Whitewash Waiver, if approved at the forthcoming EGM, will waive the requirement of the Placee from making the Mandatory Offer for all the remaining Shares at the highest price paid or agreed to be paid by the Placee in the last six months. As the Placee had not acquired any Shares in the last six months, the offer price to be made by the Placee, if a hypothetical Mandatory Offer is to be made, will be at S\$0.045 for each Share, being the Placement Price.

As mentioned in Section 6 of this Letter, the Whitewash Waiver is granted by the SIC in respect of the subscription of the Placement Shares and does not include the Adjustment Shares and the Warrant Shares.

7.4 Other relevant considerations in relation to the Proposed Placement which may have a significant bearing on our assessment of the Proposed Whitewash Resolution

7.4.1 The Placee as a new controlling Shareholder

Following the Proposed Placement, the Placee will become the new controlling Shareholder with majority voting rights in the Company. The Placee will also be sufficiently represented on the Board of Directors of the Company.

Accordingly, the Placee would be able to pass any ordinary resolutions of the Company, except where such resolution pertains to Interested Person Transactions where the Placee and its associates are deemed as Interested Persons in the proposed transactions and have to abstain from voting on the proposed transactions.

In connection with the Proposed Placement, the Placee had undertaken, *inter alia*, that it will not sell or transfer (a) any of the Placement Shares for a period of six months following Completion; and (b) any of the Adjustment Shares (if any) and Warrants Shares for a period of

APPENDIX B – IFA LETTER (MAY 2017)

six months following the respective dates of issuance of such Adjustment Shares (if any) and Warrants Shares.

The Company believes the above demonstrates the Placee's commitment to and confidence in the prospects of the Group.

7.4.2 Financial effects of the Proposed Placement

Details on the financial effects of the Proposed Placement on the Group are set out in Section 6 of the Placement Circular and are based on the audited financial statements of the Group for FY2015 and various assumptions. The financial effects are for illustrative purposes only and do not purport to be an indication or a projection of the results and financial position of the Company and the Group after the completion of the Proposed Placement.

As disclosed in Section 6 of the Placement Circular, the Company has also considered various scenarios and based on the following relevant financial information of the Group and assumptions:

- (i) Based on the draft audited financial statements of the Group for the period ended 31 December 2016 and the NAV amount of S\$9,127,000 for that period;
- (ii) Accounts receivables aged more than six months and long outstanding prepayment amounts of an aggregate of S\$1,561,000 will be fully provided as at the financial year ended 31 March 2017;
- (iii) The loss on disposal of UAPL and FYPL of an aggregate of S\$4,497,000 will be recognised in the financial year ended 31 March 2017; and
- (iv) Assuming that the total outstanding amounts from PT Fresh of S\$2,199,000 and Shanghai Chibin (as defined in the HS Acquisition Circular) of S\$842,000 have been fully provided. Shareholders are to note that the Management intends to acquire PT Fresh as a subsidiary. No provision will be made in the financial year ended 31 March 2017.

In summary, based on the Company's audited financial statements for FY2015, we note the following:

(a) Issued Share Capital

After the completion of the Proposed Issue of Placement Shares, the number of issued Shares and the issued share capital of the Company will increase arising from the new equity being raised from the issuance of the Placement Shares. The issued share capital of the Company will increase further upon the exercise of the Warrants, if any, over the next three years.

In the event the Adjustment Shares are issued, the number of issued Shares will increase further but there will not be any increase in the issued share capital as no new equity is raised since the Adjustment Shares are issued at no cost to the Placee.

(b) NTA per Share

Likewise, the Proposed Issue of Placement Shares will result in an increase in the NTA of the Group due to the injection of fresh equity into the Group from the subscription of the Placement Shares, and to the extent applicable, the exercise of the Warrants into the Warrant Shares.

On a per Share basis, the NTA per Share of the Group after the Proposed Issue of Placement Shares will be higher as the Placement Price and the Exercise Price of the Warrants are both higher than the existing NTA per Share.

APPENDIX B – IFA LETTER (MAY 2017)

The financial effect of the issuance of the Adjustment Shares on the NTA cannot be determined at this point in time as it is subject to the occurrence of events over the next three years. Nonetheless, should any of the events occur and the Placee is issued the Adjustment Shares at no cost to the Placee, it will have an adverse effect on the NTA of the Group. The extent of the dilution to the NTA per Share will depend on the number of Adjustments Shares to be issued over the next three years and the associated financial impact on the reserves and/or the profit and loss statement in accordance with the accounting policy of the Group;

(c) Earnings per Share

The Proposed Issue of Placement Shares will have a dilutive effect on the earnings per Share immediately after the Proposed Issue of Placement Shares due to the enlarged number of issued Shares arising from the issuance of the Placement Shares and, to the extent applicable, the Warrants Shares. The future effect of the Proposed Issue of Placement Shares on the Group's financial results will depend on, *inter alia*, the returns from the deployment of the proceeds from the issue of the Placement Shares and Warrants Shares and therefore may not be determinable at this point in time.

As mentioned in points (a) and (b) above, the occurrence of events resulting in the issuance of the Adjustment Shares may have an adverse impact on the financial results of the Group; and

(d) Net cash position

The Group has moderate level of borrowings and is in a net cash position as at 31 December 2015. The issuance of the Placement Shares and the Warrant Shares, if any, will further increase the net cash position of the Group and will also strengthen the capital base of the Company.

7.4.3 The Proposed Placement, Proposed Whitewash Resolution and Proposed IPT Mandate are inter-conditional upon each other

The passing of the ordinary resolutions for the Proposed Placement, Proposed Whitewash Resolution and Proposed IPT Mandate are inter-conditional upon each other. If any of the resolutions tabled is not passed, the Proposed Placement will not be completed. Consequently, the Company will not be able to achieve its fund-raising objectives.

7.4.4 SGX-ST Watch-List

Presently, the Company is at risk of being put on the SGX-ST Watch-List (as defined in Chapter 13 of the Listing Manual and SGX-ST update announcement on 2 December 2016) based on, *inter alia*, VWAP Share price of less than S\$0.20 and an average daily market capitalisation of less than S\$40 million over the last six months. The next Watch-List review date falls on 1 June 2017.

The Proposed Placement has thus far elevated the market Share price significantly since the announcement of the Term Sheet. As at the Latest Practicable Date, the Shares were last traded at S\$0.093, resulting in a market capitalisation of the Company at S\$29.6 million. With the issuance of the Placement Shares and based on the last transacted Share price on the Latest Practicable Date, the enlarged market capitalisation of the Company would be S\$60.6 million.

Shareholders should also be aware and note that there is no assurance that the market Share price will be maintained at the current levels prevailing as at the Latest Practicable Date if the Proposed Placement is not approved at the EGM.

APPENDIX B – IFA LETTER (MAY 2017)

8. THE PROPOSED IPT MANDATE

As mentioned in Section 1.6 and Section 5 of this Letter, the Placee has been an existing customer of the Group since October 2015. In the event that the Proposed Placement is approved and the Actual Placee becomes the new controlling Shareholder, the Placee (including the Actual Placee) and its associates will be deemed as Interested Persons. As such, transactions entered into between the Group and the Placee and its associates will constitute Interested Person Transactions. Following the completion of the Proposed Issue of Placement Shares, the Company envisages that the Group may, in its ordinary course of business and on a recurrent basis, sell to and/or buy from the Interested Persons, where the aggregate value of these transactions may be equal to or exceed 5% of the latest audited NTA of the Group.

In view of the time-sensitive and recurrent nature of such commercial transactions, the Company is proposing to adopt the Proposed IPT Mandate to enable any member of the Group (that is, the Company, its subsidiaries and associated companies), in the ordinary course of their business, to enter into the above transactions with the Interested Persons.

The Proposed IPT Mandate is subject to the approval of Shareholders at the EGM and the opinion of the IFA.

We have also been appointed by the Company as the IFA to opine on the Proposed IPT Mandate, on whether the guidelines and review procedures for the Proposed IPT Mandate are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

Pursuant to the Proposed Placement, the approval by Shareholders of the Proposed IPT Mandate is a condition precedent to the Proposed Placement. Hence, if the resolution on the Proposed IPT Mandate is not passed, the Company will not proceed with the Proposed Placement.

8.1 Rationale for and benefits of the Proposed IPT Mandate

The full text of the rationale for and the benefits of adopting the Proposed IPT Mandate can be found in Section 5.5 of the Placement Circular, which is reproduced in *italics* below:

“The Interested Person Transactions as set out in paragraph 5.4.3 of this Circular are transactions which the Group has entered into or will enter into in the ordinary course of business. They are recurring transactions which are likely to occur with some degree of frequency or arise at any time and from time to time. The Proposed IPT Mandate and any subsequent renewal on an annual basis will eliminate the need for the Company to convene separate general meetings from time to time to seek Shareholders’ approval as and when potential interested person transactions arise, thereby reducing substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

The Proposed IPT Mandate is intended to facilitate these transactions, provided that they are carried out on normal commercial terms and are not prejudicial to the Company and its minority Shareholders. The Board is of the view that the Group will be able to benefit from such transactions with the Interested Persons. The Group will benefit from having access to competitive quotes from, or transacting with, the Interested Persons in respect of services and products procured. The Proposed IPT Mandate will also allow the Group to enjoy economies of scale in the procurement of services and products as the Company would be able to procure services and products from the Placee on a larger scale without the restrictive thresholds in terms of values imposed by Chapter 9 of the Listing Manual. By acquiring products and services on a larger scale, it would be able to achieve better terms including better and more competitive pricing through economies of scale.”

APPENDIX B – IFA LETTER (MAY 2017)

8.2 Classes of Interested Persons

The Proposed IPT Mandate will apply to the Interested Person Transactions to be carried out between the entities at risk (as defined in the Listing Manual) of the Group and the Interested Persons.

The Group's entities at risk are the Company, its subsidiaries and its associated companies.

The Interested Persons are the Placee, its subsidiaries, its associated companies, and its associates (as defined in the Listing Manual).

8.3 Nature and scope of the Interested Person Transactions

The Proposed IPT Mandate covers Interested Person Transactions relating to the purchase and sale of fruits, vegetables and related products between the Interested Persons and the Group in the ordinary course of the Group's business and on a recurrent basis.

The Proposed IPT Mandate will cover only such recurrent Interested Person Transactions of a revenue or trading nature or those necessary for the Group's day-to-day operations, which are entered into in the ordinary course of business. For the avoidance of doubt, any purchase or sale of any assets, undertakings or businesses will not be covered under the Proposed IPT Mandate.

The Proposed IPT Mandate will also not cover any transaction, by any member of the Group, with the Interested Persons, where such transaction is below S\$100,000 in value, as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such transactions.

The Group had sold fruits to the Interested Persons since October 2015. However, the value of the sales transactions was small. For FY2015, total sales value to the Interested Persons was S\$49,000 and for 12M2016, total sales value to the Interested Persons was S\$522,500. From 1 January 2017 to the Latest Practicable Date, total sales value to the Interested Persons was approximately S\$1.52 million. Going forward, the Group also intends to purchase fruits from the Interested Persons. Overall, the Company envisages that following the Proposed Placement, sales and purchase transactions in both value and frequency between the Group and the Interested Persons will increase significantly. Such transactions may occur in multiple orders in a month, with each order being below S\$100,000 in value.

In view of this, for good order, the Company will aggregate the sales orders and the purchases orders in each month and subject them to the review procedures under the approval matrix as set out in the Guidelines and Review Procedures below.

Transactions with the Interested Persons that do not fall within the ambit of the Proposed IPT Mandate will be subject to the requirements of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

8.4 Guidelines and Review Procedures for Interested Person Transactions

The full text of the guidelines and review procedures for the Interested Person Transactions can be found in Section 5.6 of the Placement Circular.

To ensure that the Interested Person Transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its Minority Shareholders, the Company has put in place the following guidelines and review procedures for the Interested Person Transactions under the Proposed IPT Mandate:

- (a) Any Interested Person Transactions where goods are sold by the Group to the Interested Persons shall be on pricing and terms which are no more favourable to the Interested Persons than the usual commercial terms and prevailing market rates extended to unrelated third parties. Likewise, any Interested Person Transactions where goods are

APPENDIX B – IFA LETTER (MAY 2017)

sold by the Interested Persons to the Group shall be on pricing and terms which are no less favourable than the usual commercial terms and prevailing market rates extended by unrelated third parties to the Group.

The relevant member of the Group carrying out the Interested Person Transaction will use its reasonable endeavours to compare the pricing and terms of the Interested Person Transaction with at least two recent contracts or agreements entered into by the Group with unrelated third parties to determine whether the pricing and terms offered to or by the Interested Persons are in accordance with the Group's usual business practices and policies, and are not more favourable to the Interested Persons than those extended to or by unrelated third parties. In the event that two recent contracts or agreements are not available as a basis for comparison, the relevant member of the Group shall review and compare the pricing and terms of the Interested Person Transaction on publicly available websites, for example, www.1mutian.com. During the review and comparison, the relevant member of the Group shall also take into account factors such as, but not limited to, value of contract, quality and condition of the goods, nature and perishability of the goods, suitability of delivery schedules, duration of contracts, customer requirements, rebates or discounts accorded for bulk sales and/or other relevant specifications of the contract, where applicable.

Where the prevailing market rates are not available for comparison, the pricing and terms of the Interested Person Transactions will be reviewed and determined by the Audit and Risk Committee as to whether they are consistent with the Group's usual business practices and whether they are arm's length deals on market terms that are beneficial to and in the best interests of the Group. When considering whether the Interested Person Transactions shall be beneficial to the interests of the Group, factors that may be taken into account include, but are not limited to, value of the contract, quality and condition of the goods, nature and perishability of the goods, suitability of delivery schedules, duration of contracts, customer requirements, rebates or discounts accorded for bulk sales and/or other relevant specifications of the contract, strategic purposes of the transaction, where applicable.

- (b) Before entering into any Interested Person Transactions, all such transactions will be subject to review and the pre-approval by the relevant approving authorities according to the value of the Interested Person Transactions as set out in the approval matrix below:

Approval Threshold Limits		
	Value of aggregate monthly Interested Person Transactions	Approving Authorities <i>(each having no interest, direct or indirect, in the Interested Person Transaction)</i>
1.	Less than 5% of the Group's latest audited NTA	Chief Executive Officer and any one Non-Executive Director
2.	Equal to or exceeding 5% of the Group's latest audited NTA	Majority of the Audit and Risk Committee

Based on the Group's past transactions with the Placee, transactions with the Interested Persons may each be below S\$100,000 in value. In which case, pursuant to Chapter 9 of the Listing Manual, these Interested Person Transactions will not be subject to the guideline and review procedures of the Proposed IPT Mandate.

However, as mentioned in Section 8.3 above, for good order, the Company will aggregate all sales orders received in each month from the Interested Persons, and all purchase orders sent in each month to the Interested Persons, including those below S\$100,000 each, and subject them to the review procedures under the approval matrix above.

If the cumulative sales order during the month is equal to or exceeds 5% of the Group's

APPENDIX B – IFA LETTER (MAY 2017)

latest audited NTA, then subsequent sales orders during the month will be subject to Approval Threshold 2, that is, the approval of the majority of the Audit and Risk Committee. Sales orders for the following month will restart the aggregation process and be subject to the Approval Threshold 1 until the cumulative sales order reaches 5% or more of the Group's latest audited NTA. The same will apply for purchase orders.

The Company had, on 23 January 2017, announced the change of its financial year from 31 December to 31 March. Hence, if the Interested Person Transactions are carried out during the financial year ended 31 March 2018 pursuant to the Proposed IPT Mandate after the audited financial statements of the Group for the financial year ended 31 March 2017 are available, the 5% threshold will be computed based on the audited NTA of the Group as at 31 March 2017.

In the circumstance when the above audited financial statements of the Group for the financial year ended 31 March 2017 are not available, for the purpose of the Proposed IPT Mandate, the 5% threshold will be computed based on the latest available audited NTA of the Group as at 31 December 2016. Pursuant to the Placement Agreement, as disclosed in Section 3 of this Letter, the Company will be carrying out an audit of the financial statements of the Group for 12M2016. As such, an audited NTA of the Group as at 31 December 2016 would be available in due course.

As an illustration, on the assumption that the NTA of the Group as at 31 December 2016 of S\$9.3 million is the audited NTA figure, the 5% threshold will be approximately S\$0.47 million.

In the event that the Approving Authority has an interest in the Interested Person Transaction under consideration for approval, he shall abstain from reviewing and approving the transaction. Such transaction will be reviewed and approved by the next higher Approving Authority in accordance with the approval matrix above (each having no interest, direct or indirect, in the Interested Person Transaction).

Similarly, in the event that the Approving Authority is not available to review and approve the transaction, such transaction shall be reviewed and approved by the next higher Approving Authority in accordance with the approved matrix above (each having no interest, direct or indirect, in the Interested Person Transaction).

In the event that any member of the Audit and Risk Committee has an interest in the Interested Person Transaction, he shall abstain from reviewing and approving the transaction. Such transaction will be reviewed and approved by the remaining members of the Audit and Risk Committee (each having no interest, direct or indirect, in the Interested Person Transaction).

The Board of Directors are of the view that the approval thresholds based on the value of the Interested Person Transactions are reasonable having taken into account the values of past transactions and anticipated values of potential transactions in relation to the sales and purchases of goods with the Interested Persons.

The additional guidelines and review procedures to supplement the above guidelines and procedures are set out in Section 5.6.2 of the Placement Circular. These include:

(a) Maintain a register of Interested Person Transactions

The Group's finance department will maintain and update a register of all transactions carried out with the Interested Persons, including those below S\$100,000 in value. The basis for entering into the Interested Person Transactions will also be recorded in the register.

(b) Review by Audit and Risk Committee

Members of the Audit and Risk Committee will review all Interested Person Transactions

APPENDIX B – IFA LETTER (MAY 2017)

on a quarterly basis to ensure that the established guidelines and review procedures for the Interested Person Transactions have been complied with and the relevant approvals have been obtained.

The Audit and Risk Committee will also review, on a quarterly basis, the established guidelines and review procedures of the Interested Person Transactions and determine if such guidelines and review procedures continue to be adequate and/or are commercially practicable in ensuring that the Interested Person Transactions are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. If the Audit and Risk Committee is of the view that the guidelines and review procedures have become inappropriate and/or insufficient to meet such objectives, the Company will seek a fresh mandate from Shareholders based on new guidelines and review procedures for the Interested Person Transactions.

(c) Review by Internal Auditors

The Group will incorporate a review of all Interested Person Transactions in its internal audit plan. The internal auditors will review the Interested Person Transactions to check that the relevant approvals have been obtained and the guidelines and review procedures for the Mandated Transactions have been adhered to. The internal auditors will forward their review reports to the Audit and Risk Committee; and

(d) Review by External Auditors

The Group's external auditors will review the Interested Person Transactions on a sampling basis as part of the Group's annual audit. The external auditors will report any non-compliance issues noted from the audit sample to the Audit and Risk Committee.

8.5 Validity period of the Proposed IPT Mandate

The Proposed IPT Mandate is subject to Shareholders' approval at the EGM. If approved by the Shareholders at the EGM, the Proposed IPT Mandate will take effect from the passing of the ordinary resolution in respect of the Proposed IPT Mandate, and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the next annual general meeting ("AGM").

Approval from the Shareholders will be sought for the renewal of the Proposed IPT Mandate at the next AGM and at each subsequent AGM, subject to satisfactory review by the Audit and Risk Committee of its continued application to the Interested Person Transactions with the Interested Persons.

8.6 Disclosures

Pursuant to Chapter 9 of the Listing Manual, the Company will disclose in its annual report the aggregate value of the Interested Person Transactions conducted under the Proposed IPT Mandate during the financial year, and in the annual reports for the subsequent financial years during which the Proposed IPT Mandate is in force.

In addition, the Company will announce the aggregate value of the Interested Person Transactions conducted pursuant to the Proposed IPT Mandate for the financial periods which it is required to report on within the time required for the announcement of such report. These disclosures will be in the form set out in the Listing Manual.

9. OUR OPINION

In arriving at our opinion in respect of the Proposed Whitewash Resolution and Proposed IPT Mandate, we have reviewed and examined all factors which we consider to be pertinent in our assessment, as set out in our evaluation in Section 7 and Section 8 respectively of this Letter.

APPENDIX B – IFA LETTER (MAY 2017)

Overall, based on our analysis and after having considered carefully the information available to us, we are of the opinion that:

- (a) the terms of the Proposed Placement are fair and reasonable and the Proposed Whitewash Resolution, when considered in the context of the Proposed Placement, is not prejudicial to the interests of the Independent Shareholders. We therefore advise the Board of Directors (who are all deemed independent in respect of the Proposed Whitewash Resolution) to recommend to the Independent Shareholders to vote in favour of the Proposed Whitewash Resolution; and
- (b) the guidelines and review procedures for determining the pricing and terms of the Interested Person Transactions, if adhered to, are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

Our opinion, as disclosed in this Letter, is based solely on publicly available information and information provided by the Directors and the Management and does not reflect any projections of future financial performance of the Company or the Group after the completion of the Proposed Placement and the adoption of the Proposed IPT Mandate. In addition, our opinion is based on the economic and market conditions prevailing as at the Latest Practicable Date and is solely confined to our views on the Proposed Whitewash Resolution in the context of the Proposed Placement and the Proposed IPT Mandate.

This letter is addressed to the Board of Directors for their benefit and for the purpose of their consideration of the Proposed Whitewash Resolution and Proposed IPT Mandate. The recommendation to be made by the Board of Directors to the Independent Shareholders shall remain their responsibility. Whilst a copy of this Letter may be reproduced in the Placement Circular, neither the Company, the Directors nor any other person may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose which do not relate to the Proposed Whitewash Resolution and Proposed IPT Mandate, at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING

SUNMOON FOOD COMPANY LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198304656K)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the “**EGM**”) of the shareholders (the “**Shareholders**”) of SunMoon Food Company Limited (the “**Company**”) will be held at Conference Room 1, 55 Market Street #03-01, Singapore 049091 on 11 January 2018 at 2:30 p.m. (or soon thereafter as the extraordinary general meeting of the Company on the same day and at the same place at 2:00 p.m. shall have concluded or shall have been adjourned) for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions which will be proposed as Ordinary Resolutions:

*Unless otherwise defined, all capitalised terms used in this Notice bear the same meanings as ascribed to them in the Company’s circular to Shareholders (copies of which have been dispatched to Shareholders) dated 22 December 2017 (the “**Circular**”).*

ORDINARY RESOLUTION 1 – THE PROPOSED SHAREHOLDERS’ RATIFICATION AND APPROVAL OF RECURRENT INTERESTED PERSONS TRANSACTIONS

THAT:–

- (a) the Recurrent IPTs entered and to be entered into between the Group and the Yiguo Group (as set out in the Company’s circular to shareholders dated 22 December 2017 (the “**Circular**”)) from the conclusion of the Company’s Annual General Meeting (“**AGM**”) held on 28 July 2017 up to and including the conclusion of this EGM, being interested person transactions for the purposes of Chapter 9 of the listing manual (“**Chapter 9**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Listing Manual**”) be and are hereby ratified and approved; and
- (b) the Directors of the Company and any other them be and are hereby authorised to complete and do all such acts and things (including without limitation, execution of all such documents as may be required) as they and/or he may consider desirable, expedient or necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

ORDINARY RESOLUTION 2 – THE PROPOSED REINSTATEMENT OF THE 2017 IPT GENERAL MANDATE

THAT:–

- (a) approval be and is hereby given for the Company, its subsidiaries and associated companies (if any) which fall within the definition of “*entities at risk*” under Chapter 9 of the Listing Manual or any of them to enter into any transaction falling within the categories of interested person transactions set out in the Circular, with any party who is of the class or classes of interested persons described in the Circular, provided that such transaction is made on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders, and is entered into in accordance with the review procedures for interested person transactions as set out in the Circular (such shareholders’ general mandate hereinafter called the “**Reinstated IPT Mandate**”);

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) the Reinstated IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier;
- (c) the audit and risk committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual, which may be prescribed by the SGX-ST from time to time; and
- (d) the directors of the Company and each of them be and are hereby authorised, empowered to complete and do and execute all such things and acts as they or he may consider necessary or appropriate to give effect to these resolutions and the Reinstated IPT Mandate, with such modifications thereto (if any) as they or he may think fit in the interests of the Company.

By Order of the Board of Directors

Mdm Chia Lay Beng
Company Secretary

22 December 2017

NOTICE OF EXTRAORDINARY GENERAL MEETING

IMPORTANT: PLEASE READ NOTES

Notes:

1. A Shareholder entitled to attend and vote at the EGM is entitled to appoint any number of proxies to attend and vote on his/her behalf. A proxy need not be a Shareholder.
2. Where a Shareholder appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second/other named proxy/proxies shall be deemed to be an alternate to the first named.
3. A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM in accordance with Section 179 of the Companies Act.
4. The instrument appointing a proxy or proxies (together with the power of attorney (if any) under which it is signed or a copy thereof), duly executed, must be deposited at the registered office of the Company at 1 Scotts Road, #21-07/08 Shaw Centre Singapore 228208, not less than 48 hours before the time appointed for holding the EGM or any postponement or adjournment thereof.
5. The instrument appointing a proxy or proxies must be signed by the appointor or his/her attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
6. A Depositor's name must appear on the Depository Register maintained by the CDP at least 72 hours before the time appointed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company or a Depositor, as the case may be (i) consents to the collection, use and disclosure of the member or Depositor's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member or a Depositor discloses the personal data of the member or Depositor's proxy(ies) and/or representative(s) to the Company (or its agents), the member or Depositor has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member or Depositor will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member or Depositor's breach of warranty.

This page has been intentionally left blank.

SUNMOON FOOD COMPANY LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198304656K)

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT

1. For investors who have used their CPF monies to buy shares in the capital of SunMoon Food Company Limited, this PROXY FORM is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____ NRIC/Passport/Company Registration No. _____

of _____
being *a member/members of **SUNMOON FOOD COMPANY LIMITED** (the “Company”), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholding (%)

And/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholding (%)

or failing him/her, the Chairman of the Extraordinary General Meeting (the “EGM”) as my/our proxy/proxies to attend and vote for me/us on my/our behalf, at the EGM of the Company to be held at Conference Room 1, 55 Market Street, #03-01 Singapore 048941, on 11 January 2018 at 2:30 p.m. (or soon thereafter as the extraordinary general meeting of the Company on the same day and at the same place at 2:00 p.m. shall have concluded or shall have been adjourned), and at any adjournment thereof.

I/we have indicated against the resolution set out in the Notice of EGM and summarised below how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion.

Ordinary Resolutions	Number of Votes For*	Number of Votes Against*
1. The Proposed Shareholders’ Ratification and Approval of Recurrent Interested Persons Transactions		
2. The Proposed Reinstatement of the 2017 IPT General Mandate		

* Each share shall have one vote only. If you wish to exercise all your votes “For” or “Against”, please indicate an ‘X’ within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____

Total Number of Shares held

Signature of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have Shares registered in your name in the register of members of the Company (the "**Register of Members**"), you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
2. A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
3. The instrument appointing a proxy or proxies must be signed by the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
4. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
5. The submission of an instrument or form appointing a proxy by a Shareholder does not preclude him/her from attending and voting in person at the EGM if he/she so wishes.
6. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the Shareholder, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register maintained by the CDP at least 72 hours before the time appointed for holding the EGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Shareholder and/or Depositor(s) (as defined in Section 130A of the Companies Act, Cap. 50) accept(s) and agree(s) to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 22 December 2017.

This page has been intentionally left blank.

