

CIRCULAR DATED 14 JULY 2018

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. The approval-in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Company, its subsidiaries and/or its securities.

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



SUNMOON FOOD COMPANY LIMITED

(Incorporated in the Republic of Singapore on 29 September 1983)
(Company Registration Number: 198304656K)

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) THE PROPOSED SHARE BUYBACK MANDATE; AND**
- (2) THE PROPOSED IPT RENEWAL**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	29 July 2018 at 2:30 p.m.
Date and time of Extraordinary General Meeting	:	31 July 2018 at 2:30 p.m. (or immediately following the conclusion of the annual general meeting to be held on the same date and same place at 2.00 p.m.)
Place of Extraordinary General Meeting	:	137 Cecil Street, #03-01 Hengda Building Singapore 069537 (Room Tokyo 2)

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DEFINITIONS

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

“Audit and Risk Committee”	:	The audit and risk committee of the Company comprising Ms Ng Bie Tjin @Djuniarti Intan, Mr James Prideaux, Mr Wang Yaobin, Ms Wang Ai and Mr Yang Guang
“Board”	:	The Board of Directors of the Company as at the date of this Circular
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This Circular to Shareholders dated 14 July 2018
“Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“Companies Act”	:	The Companies Act (Cap. 50) of Singapore, as may be amended, modified or supplemented from time to time
“Company”	:	SunMoon Food Company Limited
“Directors”	:	The directors of the Company, including alternate directors of the Company (if any) as at the date of this Circular
“EGM”	:	The extraordinary general meeting of the Company to be held on 31 July 2018 at 2:30 p.m., notice of which is set out in the Notice of EGM on pages 37 to 40 of this Circular
“EPS”	:	Earnings per share
“Group”	:	The Company and its subsidiaries
“Interested Persons”	:	Has the meaning ascribed to it in Section 2.2 of the Appendix to this Circular
“Interested Persons Transactions” or “IPTs”	:	Has the meaning ascribed to it in Section 2.3 of the Appendix to this Circular
“IPT 2017 Circular”	:	The circular to Shareholders dated 30 May 2017 in relation to, <i>inter alia</i> , the IPT General Mandate
“IPT General Mandate”	:	The Shareholders’ general mandate obtained by the Company in the Company’s extraordinary general meeting held on 16 June 2017
“IPT Independent Shareholders”	:	Shareholders who are deemed independent for the Proposed IPT Renewal

DEFINITIONS

“IPT Recommending Directors”	:	The Directors who are regarded as independent for the purpose of the Listing Manual and the Proposed IPT Renewal, namely Mr Gary Loh Hock Chuan, Mr James Prideaux, Ms Ng Bie Tjin @Djuniarti Intan and Mr Yang Guang
“Latest Practicable Date”	:	5 July 2018, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended or modified from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Market Purchase”	:	Has the meaning ascribed to it in Section 2.3.3 of this Circular
“Notice of EGM”	:	The notice of the EGM which is set out on pages 37 to 40 of this Circular
“NTA”	:	Net tangible assets
“Off-Market Purchase”	:	Has the meaning ascribed to it in Section 2.3.3 of this Circular
“Ordinary Resolution(s)”	:	The ordinary resolution(s) as set out in the Notice of EGM on pages 37 to 40 of this Circular
“Proposed IPT Renewal”	:	The proposed renewal of the IPT General Mandate, being Ordinary Resolution 2 as set out in the Notice of EGM on pages 37 to 40 of this Circular
“Proposed Share Buyback Mandate”	:	The proposed general mandate to authorise the Directors to exercise all the powers of the Company to purchase or otherwise acquire its issued Shares upon and subject to the terms of such mandate, being Ordinary Resolution 1 as set out in the Notice of EGM on pages 37 to 40 of this Circular
“Register of Directors”	:	Register of Directors’ shareholdings
“Register of Members”	:	Register of members of the Company
“Registrar”	:	Has the meaning ascribed to it in Section 2.5.1 of this Circular
“Rule 14”	:	Has the meaning ascribed to it in Section 2.11.1 of this Circular

DEFINITIONS

“Securities Account”	:	A securities account maintained by a Depositor with the CDP but not including a securities sub-account maintained with a Depository Agent
“SFA”	:	The Securities and Futures Act (Cap. 289) of Singapore, as may be amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares in the Register of Members, or where the registered holder is the CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by the CDP whose Securities Accounts are credited with those Shares
“Shares”	:	Ordinary shares in the issued share capital of the Company
“Substantial Shareholder”	:	A person who has an interest directly or indirectly in 5% or more of the total number of Shares
“Unit Share Market”	:	The unit share market of the SGX-ST, which allows the trading of odd lots in quantities less than the board lot size
“YiGuo”	:	Shanghai YIGUO E-Commerce Co., Ltd
“Yiguo Group”	:	Means Shanghai YIGUO E-Commerce Co., Ltd, its subsidiaries, its associated companies and its associates (as defined in the Listing Manual)
“S\$”	:	The lawful currency of the Republic of Singapore
“%” 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.

DEFINITIONS

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 and
Non-Independent Director)
Ms Ng Bie Tjin @Djuniarti Intan (Independent Director)
Mr Yang Guang (Independent Director)
Mr Yu Liang (Non-Independent Director)
Mr Wang Yaobin (Non-Independent Director)
Ms Wang Ai (Non-Independent Director)
Ms Liu YuanYuan (Non-Independent Director)

Registered Office:

1 Scotts Road
#21-07/08/09, Shaw Centre
Singapore 228208

Date: 14 July 2018

To: The Shareholders of SunMoon Food Company Limited

Dear Sir/Madam

- (1) THE PROPOSED SHARE BUYBACK MANDATE; AND**
- (2) THE PROPOSED IPT RENEWAL**

1. INTRODUCTION

1.1 The Directors proposed to convene an EGM to be held on 31 July 2018 to seek Shareholders' approval for the following matters:

- (a) the Proposed Share Buyback Mandate, the details of which are set out in Section 2 of this Circular; and
- (b) the Proposed IPT Renewal, the details of which are set out in Section 3 of and the Appendix to this Circular.

1.2 Circular

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval at the EGM for, the matters set out in the Notice of EGM on pages 37 to 40 of this Circular.

1.3 SGX-ST

The SGX-ST assumes no responsibility for the accuracy of any statements made, reports contained or opinions expressed in this Circular. If a Shareholder is in any doubt about this Circular or the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

LETTER TO SHAREHOLDERS

2. THE PROPOSED SHARE BUYBACK MANDATE

2.1 Background

Under the Companies Act, companies are allowed to purchase or otherwise acquire their own ordinary shares, stocks and preference shares in the manner set out in the Companies Act if their constitution expressly permits them to do so, provided that any such purchase is made in accordance with and in the manner prescribed by the Listing Manual and such other laws and regulations as may for the time being be applicable.

The Companies Act provides that Shares purchased or otherwise acquired by the Company may be held or dealt with as treasury shares.

It is a requirement under the Companies Act and the Listing Manual that a company which wishes to purchase or otherwise acquire its own shares should obtain the approval of its shareholders to do so at a general meeting.

Accordingly, approval is being sought from Shareholders at the EGM for the Proposed Share Buyback Mandate. If approved, the Proposed Share Buyback Mandate will take effect from the date of the EGM and continue in force until the date of the next annual general meeting of the Company or such date as the next annual general meeting is required by law to be held, whichever is the earlier, unless prior thereto share buybacks are carried out to the full extent mandated or the Proposed Share Buyback Mandate is revoked or varied by the Company in a general meeting. The Proposed Share Buyback Mandate may be put to Shareholders for renewal at each subsequent annual general meeting of the Company at the discretion of the Directors.

2.2 Rationale for the Proposed Share Buyback Mandate

The Directors have taken into account feedback received from Shareholders in the past general meetings of the Company. Several Shareholders who hold odd lots of less than 100 Shares have expressed difficulties in disposing of their shareholdings. To address this, the Company may acquire such Shares through the Unit Share Market. As such, the Company has added the abovesaid rationale as an additional reason to undertake the purchase of its issued Shares under sub-paragraph (vi) below. For the avoidance of doubt, Shareholders are to note that there is no certainty that the Company will acquire Shares through the Unit Share Market. The share buybacks through the Unit Share Market will only be undertaken as and when the Directors are of the view that such purchases are of benefit to the Company and/or Shareholders, and when the circumstances permit.

The Company is proposing to undertake the purchase of its issued Shares for the following reasons:–

- (i) the Directors and management of the Company constantly seek to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Group. The Proposed Share Buyback Mandate will give the Directors the flexibility to purchase or acquire Shares if and when the circumstances permit;
- (ii) share buybacks provide the Company with an easy mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost efficient manner;

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- (iii) share buybacks also allow the Directors to exercise control over the Company's share structure with a view to enhancing the EPS and/or the NTA value per Share;
- (iv) the Proposed Share Buyback Mandate will also give the Company the opportunity to purchase or acquire Shares when such Shares are under-valued, to help mitigate short-term market volatility and to offset the effects of short-term speculation;
- (v) share buybacks may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the EPS; and
- (vi) share buybacks through the Unit Share Market with the view of reducing odd lots held by Shareholders which will help improve Company's share structure (in terms of reducing odd lots which are generally illiquid).

If and when circumstances permit, the Directors will decide whether to effect the purchase or acquisition of Shares via Market Purchase and/or Off-Market Purchase, after taking into account the relevant factors such as the financial resources available, the prevailing market conditions, and the cost and timing involved.

The share buybacks pursuant to the Proposed Share Buyback Mandate will only be undertaken only when the Directors are of the view that such purchases are of benefit to the Company and/or Shareholders.

2.3 Terms of the Proposed Share Buyback Mandate

The authority and limitations, if approved at the EGM, are summarised below:–

2.3.1 Maximum number of Shares

Only Shares that are issued and fully paid-up may be purchased or acquired by the Company.

The maximum number of Shares which may be purchased or acquired by the Company pursuant to the Proposed Share Buyback Mandate is limited to such number of Shares representing not more than 10% of the issued shares of the Company (excluding treasury shares and subsidiary holdings) as at the date of the EGM at which the Proposed Share Buyback Mandate is approved, unless the Company has, at any time during the relevant period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time) (the "**Maximum Limit**"). As at the Latest Practicable Date, the Company has no treasury shares and no subsidiary holdings.

For illustration purposes only, based on 719,724,793 Shares, being the total number of Shares in issue as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the EGM, not more than 71,972,479 Shares (representing 10% of the issued share capital of the Company as at that date) may be purchased or acquired by the Company pursuant to the Proposed Share Buyback Mandate.

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2.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the EGM (at which the Proposed Share Buyback Mandate is approved) up to:–

- (a) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (b) the date on which Share purchases have been carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Proposed Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is earlier.

2.3.3 Manner of purchase or acquisition of Shares

Purchases or acquisitions of Shares can be effected by the Company by way of:

- (a) on-market purchases (“**Market Purchase**”) transacted on SGX-ST through the ready market of the SGX-ST, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
- (b) off-market purchases in accordance with an equal access scheme as defined in section 76C of the Companies Act (“**Off-Market Purchase**”).

The Directors may impose such terms and conditions, which are consistent with the Proposed Share Buyback Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. An Off-Market Purchase must, however, satisfy the following conditions:–

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offer made; and
- (iii) the terms of all the offers are the same (except that there shall be disregarded differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements, differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid and differences in the offers introduced solely to ensure that each person is left with a whole number of Shares).

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Pursuant to the Listing Manual, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company will issue an offer document to all shareholders containing at least the following information:–

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed share buyback;
- (4) the consequences, if any, of share buybacks by the Company that will arise under the Code or other applicable take-over rules;
- (5) whether the share buybacks, if made, would affect the listing of the Shares on the SGX-ST;
- (6) details of any share buybacks made by the Company in the previous 12 months (whether Market Purchase or Off-Market Purchase in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases; and
- (7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 Maximum Purchase Price

The purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax, clearance fees and other related expenses) to be paid by the Company for the Shares as determined by the Directors must not exceed:–

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as defined hereinafter),

(the “**Maximum Price**”) in either case, excluding related expenses of the purchase or acquisition.

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For the above purposes:–

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant (5) Market Days; and

“**date of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from the Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of Purchased Shares

Any Share purchased or acquired by the Company shall, unless held in treasury in accordance with the Companies Act, be deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share will expire on cancellation). On cancellation of a Share, the rights and privileges attached to that Share will expire. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are not held as treasury shares.

2.5 Treasury Shares

Shares purchased or acquired by the Company may be held or dealt with as treasury shares under the Companies Act. Some of the salient provisions on treasury shares under the Companies Act are summarised below:–

2.5.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total issued ordinary shares in the capital of the Company.

In the event that the number of treasury shares held by the Company exceed 10% of the total number of issued Shares of the Company, the Company shall dispose of or cancel the excess shares within six (6) months beginning with the day on which that contravention occurs, or such further period as the Registrar of Companies (the “**Registrar**”) may allow.

As at the Latest Practicable Date, the number of issued Shares is 719,724,793. The Company has no treasury shares as of the Latest Practicable Date. The Company also assumes that no further Shares are issued and no Shares are purchased or acquired by the Company on or prior to the EGM. As such, the Company may pursuant to the purchase or acquisition of shares under the Proposed Share Buyback Mandate, hold up to an additional 71,972,479 Shares as treasury shares.

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2.5.2 Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares including any right to attend and vote at meetings and any purported exercise of such a right is void. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend shall be paid, and no other distribution (whether in cash or otherwise) of the Company's assets shall be made, to the Company in respect of treasury shares. However, any allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed and shall be treated as if they had been acquired by the Company at the time they were allotted. A subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.5.3 Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:–

- (a) sell the treasury shares (or any of them) for cash;
- (b) transfer the treasury shares (or any of them) for the purposes of or pursuant to an employees' share scheme;
- (c) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares (or any of them); or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister may by order prescribe.

Under the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage and the value of the treasury shares comprised in the usage.

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2.6 Source of Funds

The Company intends to use its internal sources of funds or external borrowings or a combination of both to finance its purchase or acquisition of Shares. In considering the use of external funding, the Company will take into consideration the availability of external financing and the resulting impact on the prevailing gearing level of the Company and the Group. The Directors do not propose to exercise the Proposed Share Buyback Mandate in a manner and to such extent that the Group's liquidity and capital adequacy position for the financial year ending 31 March 2019 would be materially adversely affected.

Any purchase or acquisition of Shares may be made only if the Company is solvent and out of the Company's capital and/or profits. It is an offence for a director or chief executive officer of a company to approve or authorise the purchase or acquisition of shares, knowing that the company is not solvent. For this purpose, pursuant to the Companies Act, a company is solvent if:–

- (a) there is no ground on which the company could be found to be unable to pay its debts;
- (b) if –
 - (i) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
 - (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

2.7 Financial Impact

2.7.1 The financial impact on the Company and the Group arising from the purchase or acquisition of Shares which may be made pursuant to the Proposed Share Buyback Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time. It is accordingly not possible for the Company to realistically or accurately calculate or quantify the exact impact that the Proposed Share Buyback Mandate might have on the NTA value, EPS and gearing of the Company and the Group at this juncture.

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2.7.2 Purchase or acquisition made out of capital and/or profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital and/or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchases or acquisitions of Shares is made out of capital, such consideration will not affect the amount available for distribution in the form of cash dividends by the Company.

Where the consideration paid by the Company for the purchases or acquisitions of Shares is made out of profits, such consideration (excluding brokerage, commission, goods and services tax, stamp duties, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution in the form of cash dividends by the Company.

2.7.3 Number of Shares purchased or acquired

Purely for illustrative purposes, on the basis of 719,724,793 Shares (the Company does not hold any treasury shares and subsidiary holdings) and assuming that no further Shares are issued on or prior to the EGM, the exercise in full of the Proposed Share Buyback Mandate would result in the purchase or acquisition 71,972,479 Shares.

2.7.4 Maximum Price paid for Shares purchased or acquired

In the case of Market Purchase by the Company and assuming that the Company purchases or acquires 71,972,479 Shares at the Maximum Price of S\$0.055 per Share (being the price equivalent to 105% of the Average Closing Price of the Share traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 71,972,479 Shares (excluding ancillary expenses such as related brokerage, commissions, goods and services tax, stamp duties and clearance fees) is approximately S\$3,956,682.

In the case of Off-Market Purchase by the Company and assuming that the Company purchases or acquires 71,972,479 Shares at the Maximum Price of S\$0.0628 per Share (being the price equivalent to 120% of the Average Closing Price of the Share traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 71,972,479 Shares (excluding ancillary expenses such as related brokerage, commissions, goods and services tax, stamp duties and clearance fees) is approximately S\$4,520,779.

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2.7.5 Illustrative financial effects

For illustrative purposes only and on the basis of the assumptions set out in Sections 2.7.3 and 2.7.4 above and the following assumptions:

- (i) the purchase or acquisition of Shares took place at the beginning of the financial year on 1 April 2018;
- (ii) the purchase or acquisition of Shares was financed by internal sources of funds of the Company; and
- (iii) the transaction costs incurred for the purchase or acquisition of Shares pursuant to the Proposed Share Buyback Mandate were insignificant and have been ignored for the purpose of computing the financial effects,

the financial effects of:–

- (a) Market Purchase and Off-Market Purchase made entirely out of capital and held as treasury shares;
- (b) Market Purchase and Off-Market Purchase made entirely out of capital and cancelled;
- (c) Market Purchase and Off-Market Purchase made entirely out of distributable profits and held as treasury shares; and
- (d) Market Purchase and Off-Market Purchase made entirely out of distributable profits and cancelled,

based on the audited consolidated financial statements of the Group and the Company for the financial year ended 31 March 2018, are set out respectively in the following pages:–

LETTER TO SHAREHOLDERS

Scenario 1 – Market Purchase and Off-Market Purchase made entirely out of capital and held as treasury shares

31 March 2018	GROUP			COMPANY		
	Before Share buyback	After Share buyback assuming Market Purchase	After Share buyback assuming Off-Market Purchase	Before Share buyback	After Share buyback assuming Market Purchase	After Share buyback assuming Off-Market Purchase
Share capital (S\$'000)	139,508	139,508	139,508	139,508	139,508	139,508
Shareholders' funds (S\$'000)	14,880	10,924	10,359	26,582	22,626	22,061
NTA (S\$'000)	14,781	10,825	10,260	26,582	22,626	22,061
Current Assets (S\$'000)	27,870	23,914	23,349	9,185	5,229	4,664
Current Liabilities (S\$'000)	13,151	13,151	13,151	1,152	1,152	1,152
Working Capital (S\$'000)	14,719	10,763	10,198	8,033	4,077	3,512
Total Borrowings (S\$'000)	51	51	51	–	–	–
Cash and cash equivalents (S\$'000)	11,363	7,407	6,842	9,136	5,180	4,615
Profit/(Loss) after tax and minority interest (S\$'000)	1,642	1,642	1,642	5,553	5,553	5,553
Number of Shares including Treasury Shares ('000)	719,725	719,725	719,725	719,725	719,725	719,725
Weighted average number of shares including treasury shares ('000)	615,370	615,370	615,370	615,370	615,370	615,370
Treasury Shares ('000)	Nil	71,973	71,973	Nil	71,973	71,973
Financial Ratios						
NTA per Share (cents)	2.05	1.67	1.58	3.69	3.49	3.41
EPS (cents)	0.27	0.27	0.27	0.90	0.90	0.90
Net Gearing (times)	11.00%	34.66%	38.04%	Not meaningful	Not meaningful	Not meaningful
Current Ratio (times)	2.12	1.82	1.78	7.97	4.54	4.05

LETTER TO SHAREHOLDERS

Scenario 2 – Market Purchase and Off-Market Purchase made entirely out of capital and cancelled

31 March 2018

	GROUP			COMPANY		
	Before Share buyback	After Share buyback assuming Market Purchase	After Share buyback assuming Off-Market Purchase	Before Share buyback	After Share buyback assuming Market Purchase	After Share buyback assuming Off-Market Purchase
Share capital (S\$'000)	139,508	135,552	134,987	139,508	135,552	134,987
Shareholders' funds (S\$'000)	14,880	10,924	10,359	26,582	22,626	22,061
NTA (S\$'000)	14,781	7,924	7,359	26,582	22,626	22,061
Current Assets (S\$'000)	27,870	23,914	23,349	9,185	5,229	4,664
Current Liabilities (S\$'000)	13,151	13,151	13,151	1,152	1,152	1,152
Working Capital (S\$'000)	14,719	10,763	10,198	8,033	4,077	3,512
Total Borrowings (S\$'000)	51	51	51	–	–	–
Cash and cash equivalents (S\$'000)	11,363	7,407	6,842	9,136	5,180	4,615
Profit/(Loss) after tax and minority interest (S\$'000)	1,642	1,642	1,642	5,553	5,553	5,553
Number of Shares including Treasury Shares ('000)	719,725	647,752	647,752	719,725	647,752	647,752
Weighted average number of shares including treasury shares ('000)	615,370	543,398	543,398	615,370	543,398	543,398
Treasury Shares ('000)	Nil	Nil	Nil	Nil	Nil	Nil
Financial Ratios						
NTA per Share (cents)	2.05	1.22	1.14	3.69	3.49	3.41
EPS (cents)	0.27	0.30	0.30	0.90	1.02	1.02
Net Gearing (times)	11.00%	34.66%	38.04%	Not meaningful	Not meaningful	Not meaningful
Current Ratio (times)	2.12	1.82	1.78	7.97	4.54	4.05

LETTER TO SHAREHOLDERS

Scenario 3 – Market Purchase and Off-Market Purchase made entirely out of distributable profits and held as treasury shares

31 March 2018	GROUP			COMPANY		
	Before Share buyback	After Share buyback assuming Market Purchase	After Share buyback assuming Off-Market Purchase	Before Share buyback	After Share buyback assuming Market Purchase	After Share buyback assuming Off-Market Purchase
Share capital (S\$'000)	139,508	139,508	139,508	139,508	139,508	139,508
Shareholders' funds (S\$'000)	14,880	10,924	10,359	26,582	22,626	22,061
NTA (S\$'000)	14,781	7,924	7,359	26,582	22,626	22,061
Current Assets (S\$'000)	27,870	23,914	23,349	9,185	5,229	4,664
Current Liabilities (S\$'000)	13,151	13,151	13,151	1,152	1,152	1,152
Working Capital (S\$'000)	14,719	10,763	10,198	8,033	4,077	3,512
Total Borrowings (S\$'000)	51	51	51	–	–	–
Cash and cash equivalents (S\$'000)	11,363	7,407	6,842	9,136	5,180	4,615
Profit/(Loss) after tax and minority interest (S\$'000)	1,642	1,642	1,642	5,553	5,553	5,553
Number of Shares including Treasury Shares ('000)	719,725	719,725	719,725	719,725	719,725	719,725
Weighted average number of shares including treasury shares ('000)	615,370	615,370	615,370	615,370	615,370	615,370
Treasury Shares ('000)	Nil	71,793	71,973	Nil	71,973	71,973
Financial Ratios						
NTA per Share (cents)	2.05	1.22	1.14	3.69	3.49	3.41
EPS (cents)	0.27	0.27	0.27	0.90	0.90	0.90
Net Gearing (times)	11.00%	34.66%	38.04%	Not meaningful	Not meaningful	Not meaningful
Current Ratio (times)	2.12	1.82	1.78	7.97	4.54	4.05

LETTER TO SHAREHOLDERS

Scenario 4 – Market Purchase and Off-Market Purchase made entirely out of distributable profits and cancelled

31 March 2018	GROUP			COMPANY		
	Before Share buyback	After Share buyback assuming Market Purchase	After Share buyback assuming Off-Market Purchase	Before Share buyback	After Share buyback assuming Market Purchase	After Share buyback assuming Off-Market Purchase
Share capital (S\$'000)	139,508	139,508	139,508	139,508	139,508	139,508
Shareholders' funds (S\$'000)	14,880	10,924	10,359	26,582	22,626	22,061
NTA (S\$'000)	14,781	7,924	7,359	26,582	22,626	22,061
Current Assets (S\$'000)	27,870	23,914	23,349	9,185	5,229	4,664
Current Liabilities (S\$'000)	13,151	13,151	13,151	1,152	1,152	1,152
Working Capital (S\$'000)	14,719	10,763	10,198	8,033	4,077	3,512
Total Borrowings (S\$'000)	51	51	51	–	–	–
Cash and cash equivalents (S\$'000)	11,363	7,407	6,842	9,136	5,180	4,615
Profit/(Loss) after tax and minority interest (S\$'000)	1,642	1,642	1,642	5,553	5,553	5,553
Number of Shares including Treasury Shares ('000)	719,725	647,752	647,752	719,725	647,752	647,752
Weighted average number of shares including treasury shares ('000)	615,370	543,398	543,398	615,370	543,398	543,398
Treasury Shares ('000)	Nil	Nil	Nil	Nil	Nil	Nil
Financial Ratios						
NTA per Share (cents)	2.05	1.22	1.14	3.69	3.49	3.41
EPS (cents)	0.27	0.30	0.30	0.90	1.02	1.02
Net Gearing (times)	11.00%	34.66%	38.04%	Not meaningful	Not meaningful	Not meaningful
Current Ratio (times)	2.12	1.82	1.78	7.97	4.54	4.05

LETTER TO SHAREHOLDERS

As illustrated above, a summary of the financial effects of the share buybacks are:-

- (i) in the case of keeping acquired Shares as treasury shares, decreased NTA per Share of the Group and the Company;
- (ii) in the case of cancelling acquired Shares, decreased NTA per Share of the Group and the Company; and
- (iii) in the case of cancelling acquired Shares, increased earnings per share of the Group and the EPS of the Company.

Shareholders should note that the financial effects illustrated above are for illustration purposes only. In particular, it is important to note that the above analysis is based on the audited consolidated financial statements of the Group and the Company for the financial year ended 31 March 2018 and is not necessarily representative of the future financial performance of the Group.

Although the Proposed Share Buyback Mandate would authorise the Company to buy back up to 10% of the Company's issued Shares, the Company may not necessarily buy back or be able to buy back all 10% of the issued Shares in full. In addition, the Company may cancel all or part of the Shares repurchased, or hold all or part of the Shares repurchased as treasury shares.

The Directors do not propose to exercise the Proposed Share Buyback Mandate to an extent that would materially and adversely affect the working capital requirements of the Company. The purchases or acquisitions of Shares will only be effected after considering relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The Proposed Share Buyback Mandate will only be exercised in the best interests of the Company, for example, to enhance the EPS and/or the NTA value per Share of the Company.

2.8 Listing status on SGX-ST

2.8.1 Reporting Requirements

Within 30 days of the passing of a Shareholders' resolution to approve purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the Registrar.

The Company shall notify the Registrar within 30 days of a purchase of Shares. Such notification shall include details of the date of the purchase, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase, the Company's issued share capital after the purchase, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased or acquired out of the profits and/or the capital of the Company, and such other particulars as may be required in the prescribed form.

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The Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:-

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and
- (b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchases of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. Such announcement shall include details of the total number of shares authorised for purchase, the date of purchase, the total number of shares purchased, prices paid for the total number of shares purchased, the purchase price per share, the highest and lowest prices per share for the shares purchased to date and the number of issued shares after purchase, in the form prescribed in Appendix 8.3.1 of the Listing Manual.

The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion the necessary information which will enable the Company to make the necessary notifications to the SGX-ST.

When seeking the approval of Shareholders for the renewal of the Proposed Share Buyback Mandate, the Company is required to disclose details pertaining to the purchases of Shares made by the Company during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

2.8.2 Listing rules

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, the Company, in line with the best practices guide on securities dealings issued by the SGX-ST, would not purchase or acquire any shares pursuant to the Proposed Share Buyback Mandate during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year or one month before the announcement of the Company's financial statements for the full financial year, as the case may be, ending on the date of announcement of the relevant results.

At any time after any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Board, the Company will not undertake any purchase or acquisition of Shares pursuant to the Proposed Share Buyback Mandate until the price-sensitive information has been publicly announced. The Company will ensure that any Share purchased or acquired by the Company will not result in a fall in the percentage of Shares held by the public to below 10% of the total number of issued Shares (excluding treasury shares, preference shares and convertible equity securities). For this purpose, "**public**" means persons other than the Directors, chief executive officer, Substantial Shareholders or controlling shareholders of the Company and its subsidiaries, as well as the associates of such persons.

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As at the Latest Practicable Date, approximately 33.07% of the total number of issued Shares are held by the public. In the event that the Company should, pursuant to the Proposed Share Buyback Mandate, purchase or acquire its Shares up to the full 10% limit, about 25.62% of the Shares would continue to be in the hands of the public (assuming the Company purchased its Shares up to the full 10% limit from members of the public by way of a Market Purchase). Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by the public Shareholders which would permit the Company to undertake purchases of its Shares up to the full 10% limit pursuant to the Proposed Share Buyback Mandate without affecting the listing status of the Shares of the Company on the SGX-ST. The Directors will at all times ensure that when purchasing any Shares pursuant to the Proposed Share Buyback Mandate, at least 10% of the Shares will remain in the hands of the public in accordance with the Listing Manual without:– (a) affecting the listing status of the Shares on the SGX-ST; (b) causing market illiquidity of the Shares; or (c) affecting adversely the orderly trading of the Shares.

2.9 Shares purchased by the Company

No purchases of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

2.10 Taxation

Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases or acquisitions by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.11 Take-Over Code implications

2.11.1 Persons acting in concert

Under the Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert:–

- (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (b) a company, its parent company, subsidiaries, fellow subsidiaries, any of the foregoing companies' associated companies, companies of which the foregoing companies are associated companies, all with each other, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- (c) a company with any of its pension funds and employee share schemes;

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- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions, companies controlled by any of the above persons, and any person who has provided financial assistance (other than a bank in its ordinary course of business) to any of the above for the purchase of voting rights.

A company is an associated company of a second company if at least 20% but not more than 50% of its voting rights are owned or controlled by the second company.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code ("**Rule 14**") after a purchase or acquisition of Shares by the Company are set out in Appendix 2 to the Code.

2.11.2 Obligations to make a take-over offer

Pursuant to Appendix 2 to the Code, an increase in the percentage of voting rights in a company by a shareholder and parties acting in concert with him as a result of any acquisition of shares by the company will be treated as an acquisition for the purpose of Rule 14. As such, a shareholder or group of shareholders acting in concert could obtain or consolidate effective control of the company and become obliged to make an offer under Rule 14.

Consequently, under Rule 14, a shareholder and persons acting in concert with the shareholder will incur an obligation to make a mandatory take-over offer for said company if, *inter alia*, he and persons acting in concert with him:—

- (a) increase their voting rights in the company to 30% or more of the voting rights of the company; or
- (b) hold between 30% and 50% of the voting rights of the company and they increase their voting rights in the company by more than 1% in any six-month period.

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A shareholder who is not acting in concert with the directors of a company will not be required to make an offer under Rule 14 if, as a result of said company buying back its own shares, the voting rights of the shareholder in the company would increase to 30% or more, or, if the shareholder holds between 30% and 50% of the company's voting rights, would increase by more than 1% in any period of 6 months, as a result of the company buying back its shares. Such a shareholder need not abstain from voting on the resolution to authorise the share buyback mandate, unless so required under the Companies Act, e.g. for a shareholder whose shares are to be bought via a selective buyback by an unlisted public company.

Based on the shareholdings of the Directors and Substantial Shareholders of the Company as at the Latest Practicable Date, the Proposed Share Buyback Mandate is not expected to result in any Director or Substantial Shareholder incurring an obligation to make a general offer for the Shares of the Company under Rule 14.

3. THE PROPOSED IPT RENEWAL

3.1 Background

The Company had, in the Company's extraordinary general meeting held on 16 June 2017, obtained approval of the Shareholders for the IPT General Mandate to enter into recurrent IPTs with Yiguo Group pursuant to Chapter 9 of the Listing Manual. For more details relating to the IPT General Mandate, Shareholders can refer to the IPT 2017 Circular.

The Company had subsequently, in the Company's extraordinary general meeting held on 11 January 2018, obtained:–

- (a) Shareholders' ratification and approval of IPTs which have occurred after the lapse of the IPT General Mandate; and
- (b) Shareholders' approval for the reinstatement of the IPT General Mandate.

The reinstated IPT General Mandate was expressed to (unless revoked or varied by the Company in a general meeting) continue to be in force until the next annual general meeting, or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier.

3.2 Proposed IPT Renewal

Under Chapter 9 of the Listing Manual, a general mandate for transactions with interested persons is subject to annual renewal. The reinstated IPT General Mandate will expire at the forthcoming annual general meeting to be held on 31 July 2018. The Directors propose that the IPT General Mandate be renewed at the EGM in the terms of the Ordinary Resolution 2 to be proposed at the EGM and (unless revoked or varied by the Company in general meeting) to continue in force until the next annual general of the Company.

The rationale of the IPT Mandate, the scope of the IPT Mandate, the benefit to Shareholders, the classes of Interested Persons, the particulars of the Interested Person Transactions and the review procedures for determining the transaction prices for Interested Person Transactions in respect of which the IPT Mandate is sought to be renewed remains unchanged and are set out in the Appendix to this Circular.

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Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next annual general meeting and at each subsequent general meeting of the Company, subject to satisfactory review by the Audit and Risk Committee of its continued application to transactions with Interested Persons.

3.3 Opinion of the Audit and Risk Committee

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.

Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit and Risk Committee (save for Mr Wang Yaobin and Ms Wang Ai who have abstained from deliberations and decisions of the Audit and Risk Committee in relation to the Proposed IPT Renewal) confirms that:

- (a) the methods or procedures for determining the transaction prices under the IPT General Mandate as set out in the Appendix to this Circular have not changed since Shareholders reinstated the IPT General Mandate in the Company's extraordinary general meeting held on 11 January 2018; 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.

If during the periodic reviews by the Audit and Risk Committee, it is of the view that the established guidelines and procedures for the 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.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

4.1 Directors' interests

The shareholdings of the Directors, as extracted from the Register of Directors', as at the Latest Practicable Date are as follows:

Directors	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Gary Loh Hock Chuan	–	–	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	–	–	–	–	–	–
Wang Ai	–	–	–	–	–	–
Yang Guang	–	–	–	–	–	–
Liu YuanYuan	–	–	–	–	–	–

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Note:

(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.

4.2 Substantial Shareholders' interests

The shareholdings of the Substantial Shareholders as at the Latest Practicable Date are as follows:

Substantial Shareholders	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
YIGUO General Food Pte. Ltd.	400,940,411	55.7	–	–	400,940,411	55.7
First Alverstone Capital Ltd	80,712,772	11.21	–	–	80,712,772	11.21
Selena Cheng Koh Min ⁽²⁾	–	–	80,712,772	11.21	80,712,772	11.21
Gary Loh Hock Chuan ⁽³⁾	–	–	80,712,772	11.21	80,712,772	11.21

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) 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.

(3) 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. 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 IPT Renewal will not accept nominations as proxy or otherwise for voting at the EGM in respect of the said Ordinary Resolution 2 as out in Notice of EGM on pages 37 to 40 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 2.

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Mr Yu Liang, Mr Wang Yaobin, Ms Wang Ai and Ms Liu YuanYuan are non-independent directors. Mr Yu Liang was previously the Group Sourcing Director at YiGuo and as of 1 April 2018, Mr Yu Liang does not hold any role in Yiguo Group. Mr Wang Yaobin is the Group Financial Controller of YiGuo, Ms Wang Ai is the Senior Vice President of the Corporate Development and Investments at Yiguo Group and Ms Liu YuanYuan is the associate director of the Yiguo Group. Accordingly, Mr Yu Liang, Mr Wang Yaobin, Ms Wang Ai and Ms Liu YuanYuan will not accept nominations as proxy or otherwise for voting at the EGM in respect of the said Ordinary Resolution 2 as out in Notice of EGM on pages 37 to 40 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 2. The above said directors do not hold any Shares in the Company as at the Latest Practicable Date.

6. DIRECTORS' RECOMMENDATIONS

6.1 The Proposed Share Buyback Mandate

The Directors having fully considered, *inter alia*, the terms and rationale of the Proposed Share Buyback Mandate as set out in this Circular, are of the opinion that the Proposed Share Buyback Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution in respect of the Proposed Share Buyback Mandate at the EGM.

6.2 The Proposed IPT Renewal

The IPT Recommending Directors having fully considered, *inter alia*, the rationale and benefit of the Proposed IPT Renewal, are of the opinion that the Proposed IPT Renewal is in the best interests of the Company. Accordingly, they recommend that the IPT Independent Shareholders vote in favour of the Ordinary Resolution in respect of the Proposed IPT Renewal at the EGM.

7. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out in this Circular, will be held on 31 July 2018 at 2:30 p.m. (or soon thereafter as the annual 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 modifications the Ordinary Resolutions set out in the Notice of EGM on pages 37 to 40 of this Circular.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

8.1 Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote on their behalf should complete, sign and return the Proxy Form in accordance with the instructions printed thereon and as soon as possible and, in any event, so as to arrive at the registered office of the Company at 1 Scotts Road, #21-07/08/09 Shaw Centre, Singapore 228208 not less than forty-eight (48) hours before the time set for the EGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he wishes to do so, in place of his proxy.

8.2 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 seventy-two (72) hours before the EGM.

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9. 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 Share Buyback Mandate and the Proposed IPT Renewal, 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.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 1 Scotts Road, #21-07/08/09 Shaw Centre, Singapore 228208 during normal business hours on any weekday (public holidays excepted) from the date of this Circular up to and including the date of the EGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report for the year ended 31 March 2018;

Yours faithfully
For and on behalf of the Board of
SunMoon Food Company Limited

Mr James Prideaux
Chairman

APPENDIX

FURTHER INFORMATION ON THE IPT GENERAL MANDATE

1. 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.

1.1 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
 - (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.

APPENDIX

1.2 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.

1.3 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.

1.4 Circular Requirements

Pursuant to Rule 920(1)(b) and (c) of the Listing Manual, this Circular seeking the approval of the Shareholders in relation to the Proposed IPT Renewal must include:

- (a) the class of interested persons with which the Group will be transacting;
- (b) the nature of the transactions contemplated under the IPT General Mandate;
- (c) the rationale for, and benefit to, the Group;
- (d) the methods or procedures for determining transaction prices;
- (e) a statement from the Company that it will obtain a fresh mandate from Shareholders if the methods or procedures in Section 3 of this Appendix become inappropriate;

APPENDIX

- (f) 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; and
- (g) a confirmation from the Audit and Risk Committee that:
 - (i) the methods or procedures for determining the transaction process have not changed since last Shareholder approval; and
 - (ii) the methods or procedures in sub-paragraph 1.4(g)(i) 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 Group and its minority Shareholders.

1.5 Illustration

For illustration purposes, based on the Group's latest audited accounts for the financial year ended 31 March 2018, the Group's latest audited FY2017/18 NTA is approximately S\$14,781,000. 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\$739,050, being five per cent. (5.0%) of the Group's latest audited FY2017/18 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\$739,050. 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. **Proposed IPT General Mandate**

2.1 Entity at risk

For the purposes of the 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.

2.2 Classes of interested persons

The 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**").

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2.3 Nature and scope of interested person transactions

The 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 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 IPT General Mandate.

The 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 sells fruits to the Yiguo Group since October 2015. For the financial year ended 31 March 2017, total sales value to the Yiguo Group was approximately S\$1,156,000 and for the financial year ended 31 March 2018 was approximately S\$28,716,000. Going forward, the Group also intends to purchase fruits 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. In the event that where each order is below S\$100,000 in value, 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 3 of this Appendix below.

Transactions with the Yiguo Group that do not fall within the ambit of the Proposed 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.

2.4 Rationale for the IPT General Mandate and benefits to the Group

The Interested Person Transactions as set out in Section 2.3 of this Appendix 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 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 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

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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 IPT Mandate and otherwise during the financial year under review, and in the annual reports for the subsequent financial years during which the Proposed IPT Mandate is renewed and remains in force.

3. Guidelines and review procedures for the Interested Person Transactions

3.1 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 implement the following guidelines and review procedures for the IPTs under the Proposed 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.

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.

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- (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 IPT Mandate.

However, as mentioned in Section 2.3 of this Appendix, 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 audited FY2017/18 NTA of the Group is approximately S\$14,781,000. As an illustration, the 5% threshold will be approximately S\$739,050.

In the event that the Approving Authority (as set out in the table under Section 3.1(b) of this Appendix to the Circular) 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).

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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 is 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.

3.2 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.

APPENDIX

4. Validity period of the Proposed IPT General Mandate

If approved by the Shareholders at the EGM, the Proposed IPT General Mandate will take effect from the passing of the Ordinary Resolution in respect of the Proposed IPT Renewal, and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the next annual general meeting, or the expiration of the period within which the next annual general meeting 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 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.

5. 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 IPT General Mandate during the financial year under review and in the annual reports for the subsequent financial years during which the Proposed 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 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)
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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.

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 137 Cecil Street, #03-01 Hengda Building, Singapore 069537 (Room Tokyo 2) on 31 July 2018 at 2:30 p.m. (or immediately following the conclusion of the annual general meeting to be held on the same date and same place at 2.00 p.m.) 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 14 July 2018 (the “**Circular**”).*

ORDINARY RESOLUTION 1

(1) THE PROPOSED SHARE BUYBACK MANDATE

THAT:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (the “**Shares**”) not exceeding in aggregate the Maximum Limit, at such prices as may be determined by the Directors of the Company from time to time up to the Maximum Price, whether by way of:–
- (i) market purchase(s) (each a “**Market Purchase**”) on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”); and/or
 - (ii) off-market purchase(s) (each an “**Off-Market Purchase**”) effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,
- and otherwise in accordance with all other laws and regulations and the Listing Manual of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Proposed Share Buyback Mandate**”);
- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Proposed Share Buyback Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Proposed Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:-
- (i) the date on which the next annual general meeting of the Company is held or is required by law to be held;
 - (ii) the date on which the share buybacks are carried out to the full extent mandated; or
 - (iii) the date on which the authority contained in the Proposed Share Buyback Mandate is varied or revoked;

- (d) in this resolution:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant (5) Market Days;

“date of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from the Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

“Market Day” means a day on which the SGX-ST is open for trading in securities;

“Maximum Limit” means 10% of the issued shares of the Company (excluding treasury shares and subsidiary holdings) as at the date of passing of this resolution, unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time);

“Maximum Price” in relation to the Shares to be purchased or acquired, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax, clearance fees and other related expenses) to be paid by the Company for the Shares as determined by the Directors, not exceeding:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; or
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price,

in either case, excluding related expenses of the purchase or acquisition; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

“**Relevant Period**” means the period commencing from the date on which this resolution is passed and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier; and

- (e) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he/she may consider desirable, expedient or necessary to give effect to the transactions contemplated by this resolution.

ORDINARY RESOLUTION 2

(2) THE PROPOSED IPT RENEWAL

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 “**IPT General Mandate**”);
- (b) the 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

Mdm Chia Lay Beng
Company Secretary

14 July 2018

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.

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SUNMOON FOOD COMPANY LIMITED

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

PROXY FORM

(Please see notes overleaf before completing this Form)

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 137 Cecil Street, #03-01 Hengda Building, Singapore 069537 (Room Tokyo 2) on 31 July 2018 at 2.30 p.m. (or immediately following the conclusion of the annual general meeting to be held on the same date and same place at 2.00 p.m.) 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. To approve the Proposed Share Buyback Mandate		
2. To approve the Proposed IPT Renewal		

* 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

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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 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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 14 July 2018.