

CIRCULAR DATED 22 DECEMBER 2017

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

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

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

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular. Approval 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**”.



CIRCULAR TO SHAREHOLDERS

in relation to

- (1) THE PROPOSED SHARE BUYBACK MANDATE; AND**
- (2) THE PROPOSED CHANGE OF AUDITORS**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	9 January 2018 at 2:00 p.m.
Date and time of Extraordinary General Meeting	:	11 January 2018 at 2:00 p.m.
Place of Extraordinary General Meeting	:	Conference Room 1 55 Market Street #03-01 Singapore 048941

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CONTENTS

	Page
DEFINITIONS.....	2
1. INTRODUCTION	5
2 THE PROPOSED SHARE BUYBACK MANDATE	6
3 THE PROPOSED CHANGE OF AUDITORS	22
4 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS.....	24
5 AUDIT AND RISK COMMITTEE'S STATEMENT	25
6 DIRECTORS' RECOMMENDATION.....	25
7 EXTRAORDINARY GENERAL MEETING	25
8 ACTION TO BE TAKEN BY SHAREHOLDERS	26
9 DIRECTORS' RESPONSIBILITY STATEMENT	26
10 DOCUMENTS AVAILABLE FOR INSPECTION	26
NOTICE OF EXTRAORDINARY GENERAL MEETING	27
PROXY FORM	

DEFINITIONS

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

“AGM”	:	Annual general meeting of the Company
“Audit and Risk Committee”	:	The audit committee of the Company comprising Ms Ng Bie Tjin @Djuniarti Intan, Mr James Prideaux, Mr Wang Yaobin, Ms Wang Ai and Mr Yang Guang
“Auditors”	:	The auditors of the Company
“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 22 December 2017
“Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“Companies Act” or “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” or “Board”	:	The directors of the Company, including alternate directors of the Company (if any)
“EGM”	:	The extraordinary general meeting of the Company to be held on 11 January 2018 at 2:00 p.m., notice of which is set out in the Notice of EGM on pages 27 to 30 of this Circular
“EPS”	:	Earnings per share
“EY”	:	Ernst & Young LLP, Singapore
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	15 December 2017, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as 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

DEFINITIONS

“NTA”	:	Net tangible assets
“Off-Market Purchase”	:	Has the meaning ascribed to it in Section 2.3.3 of this Circular
“Proposed Change of Auditors”	:	The proposed change of auditors of the Company from RT LLP to Ernst & Young LLP
“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
“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
“RT”	:	RT LLP
“Rule 14”	:	Has the meaning ascribed to it in Section 2.11.1 of this Circular
“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
“S\$”	:	The lawful currency of the Republic of Singapore
“Written Statement”	:	Has the meaning ascribed to it in Section 3.1 of this Circular
“%” or “per cent.”	:	Percentage or per centum

DEFINITIONS

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

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

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

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

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

LETTER TO SHAREHOLDERS

SUNMOON FOOD COMPANY LIMITED

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

Directors:

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

Registered Office:

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

Date: 22 December 2017

To: The Shareholders of SunMoon Food Company Limited

Dear Sir/Madam

(1) THE PROPOSED SHARE BUYBACK MANDATE; AND

(2) THE PROPOSED CHANGE OF AUDITORS

1. INTRODUCTION

1.1 The Directors proposed to convene an EGM to be held on 11 January 2018 to seek Shareholders' approval for the following matters:

- (a) the Proposed Share Buyback Mandate; and
- (b) the Proposed Change of Auditors.

1.2 Circular

The purpose of this Circular is to provide Shareholders with information in respect of the matters set out in Section 1.1 above, and to seek approval of Shareholders at the EGM for the matters set out in the notice of EGM on pages 27 to 30 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.

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 buy-backs 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 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;
- (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; and
- (v) share buybacks may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the EPS.

LETTER TO SHAREHOLDERS

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 forthcoming 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 forthcoming 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.

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

LETTER TO SHAREHOLDERS

- (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).

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;

LETTER TO SHAREHOLDERS

- (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.

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 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.

LETTER TO SHAREHOLDERS

2.5 Treasury Shares

Shares purchased or acquired by the Company may be held or dealt with as treasury shares under the Act. Some of the salient provisions on treasury shares under the 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.

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 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;

LETTER TO SHAREHOLDERS

- (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.

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 2018 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 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; an
- (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).

LETTER TO SHAREHOLDERS

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.

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

Under the 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\$0.0956 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\$6,881.

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\$0.1092 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\$7,859.

LETTER TO SHAREHOLDERS

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 January 2016;
- (ii) the allotment and issue of 400,940,411 Shares to Shanghai YIGUO E-Commerce Co., Ltd on 5 July 2017 took place on 1 January 2016 instead, and the total number of Shares in issue as at 31 March 2017 is 719,724,793 Shares;
- (iii) the purchase or acquisition of Shares was financed by internal sources of funds of the Company; and
- (iv) 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 2017 adjusted to take into account the allotment and issue of 400,940,411 Shares to Shanghai YIGUO E-Commerce Co., Ltd on 5 July 2017, 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 2017

(Adjusted)

	GROUP			COMPANY		
	Before Share buyback (S\$'000)	After Share buyback assuming Market Purchase (S\$'000)	After Share buyback assuming Off-Market Purchase (S\$'000)	Before Share buyback (S\$'000)	After Share buyback assuming Market Purchase (S\$'000)	After Share buyback assuming Off-Market Purchase (S\$'000)
Share capital	139,508	139,508	139,508	139,508	139,508	139,508
Shareholders' funds	22,380	15,499	14,521	29,435	22,554	21,576
NTA	19,380	12,499	11,521	29,435	22,554	21,576
Current Assets	26,672	19,791	18,813	20,369	13,488	12,510
Current Liabilities	7,394	7,394	7,394	4,757	4,757	4,757
Working Capital	19,278	12,397	11,419	15,612	8,731	7,753
Total Borrowings	80	80	80	–	–	–
Cash and cash equivalents	15,557	8,676	7,698	15,109	8,228	7,250
Profit/(Loss) after tax and minority interest	(5,849)	(5,849)	(5,849)	8,884	8,884	8,884
Number of Shares including Treasury Shares ('000)	719,725	719,725	719,725	719,725	719,725	719,725
Treasury Shares	NIL	71,973	71,973	NIL	71,973	71,973
Financial Ratios						
NTA per Share (cents)	2.69	1.93	1.78	4.09	3.48	3.33
EPS (cents)	(0.81)	(0.9)	(0.9)	1.23	1.37	1.37
Net Gearing (times)	Not meaningful	Not meaningful	Not meaningful	Not meaningful	Not meaningful	Not meaningful
Current Ratio (times)	3.61	2.68	2.54	4.28	2.84	2.63

LETTER TO SHAREHOLDERS

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

31 March 2017

(Adjusted)

	GROUP			COMPANY		
	Before Share buyback (S\$'000)	After Share buyback assuming Market Purchase (S\$'000)	After Share buyback assuming Off-Market Purchase (S\$'000)	Before Share buyback (S\$'000)	After Share buyback assuming Market Purchase (S\$'000)	After Share buyback assuming Off-Market Purchase (S\$'000)
Share capital	139,508	132,627	131,649	139,508	132,627	131,519
Shareholders' funds	22,380	15,499	14,521	29,435	22,554	21,576
NTA	19,380	12,499	11,521	29,435	22,554	21,576
Current Assets	26,672	19,791	18,813	20,369	13,488	12,510
Current Liabilities	7,394	7,394	7,394	4,757	4,757	4,757
Working Capital	19,278	12,397	11,419	15,612	8,228	7,753
Total Borrowings	80	80	80	–	–	–
Cash and cash equivalents	15,557	8,676	7,698	15,109	8,228	7,250
Profit/(Loss) after tax and minority interest	(5,849)	(5,849)	(5,849)	8,884	8,884	8,884
Number of Shares including Treasury Shares ('000)	719,725	647,752	647,752	719,725	647,752	647,752
Treasury Shares	NIL	NIL	NIL	NIL	NIL	NIL
Financial Ratios						
NTA per Share (cents)	2.69	1.93	1.78	4.09	3.48	3.33
EPS (cents)	(0.81)	(0.90)	(0.90)	1.23	1.37	1.37
Net Gearing (times)	Not meaningful	Not meaningful	Not meaningful	Not meaningful	Not meaningful	Not meaningful
Current Ratio (times)	3.61	2.68	2.54	4.28	2.84	2.63

LETTER TO SHAREHOLDERS

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

31 March 2017

(Adjusted)

	GROUP			COMPANY		
	Before Share buyback (S\$'000)	After Share buyback assuming Market Purchase (S\$'000)	After Share buyback assuming Off-Market Purchase (S\$'000)	Before Share buyback (S\$'000)	After Share buyback assuming Market Purchase (S\$'000)	After Share buyback assuming Off-Market Purchase (S\$'000)
Share capital	139,508	139,508	139,508	139,508	139,508	139,508
Shareholders' funds	22,380	15,499	14,521	29,435	22,554	21,576
NTA	19,380	12,499	11,521	29,435	22,554	21,756
Current Assets	26,672	19,791	18,813	20,369	13,488	12,510
Current Liabilities	7,394	7,394	7,394	4,757	4,757	4,757
Working Capital	19,278	12,397	11,419	15,612	8,731	7,753
Total Borrowings	80	80	80	–	–	–
Cash and cash equivalents	15,557	8,676	7,698	15,109	8,228	7,250
Profit/(Loss) after tax and minority interest	(5,849)	(5,849)	(5,849)	8,884	8,884	8,884
Number of Shares including Treasury Shares ('000)	719,725	719,725	719,725	719,725	719,725	719,725
Treasury Shares	NIL	71,973	71,973	NIL	71,973	71,973
Financial Ratios						
NTA per Share (cents)	2.69	1.93	1.78	4.09	3.48	3.33
EPS (cents)	(0.81)	(0.90)	(0.90)	1.23	1.37	1.37
Net Gearing (times)	Not meaningful	Not meaningful	Not meaningful	Not meaningful	Not meaningful	Not meaningful
Current Ratio (times)	3.61	2.68	2.54	4.28	2.84	2.63

LETTER TO SHAREHOLDERS

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

31 March 2017

(Adjusted)

	GROUP			COMPANY		
	Before Share buyback (S\$'000)	After Share buyback assuming Market Purchase (S\$'000)	After Share buyback assuming Off-Market Purchase (S\$'000)	Before Share buyback (S\$'000)	After Share buyback assuming Market Purchase (S\$'000)	After Share buyback assuming Off-Market Purchase (S\$'000)
Share capital	139,508	139,508	139,508	139,508	139,508	139,508
Shareholders' funds	22,380	15,499	14,521	29,435	22,554	21,576
NTA	19,380	12,499	11,521	29,435	22,554	21,576
Current Assets	26,672	19,971	18,813	20,369	13,488	12,510
Current Liabilities	7,394	7,394	7,394	4,757	4,757	4,757
Working Capital	19,278	12,397	11,419	15,612	8,731	7,753
Total Borrowings	80	80	80	–	–	–
Cash and cash equivalents	15,557	8,676	7,698	15,109	8,228	7,250
Profit/(Loss) after tax and minority interest	(5,849)	(5,849)	(5,849)	8,884	8,884	8,884
Number of Shares including Treasury Shares ('000)	719,725	647,752	647,752	719,725	647,752	647,752
Treasury Shares	NIL	NIL	NIL	NIL	NIL	NIL
Financial Ratios						
NTA per Share (cents)	2.69	1.93	1.78	4.09	3.48	3.33
EPS (cents)	(0.81)	(0.90)	(0.90)	1.23	1.37	1.37
Net Gearing (times)	Not meaningful	Not meaningful	Not meaningful	Not meaningful	Not meaningful	Not meaningful
Current Ratio (times)	3.61	2.68	2.54	4.28	2.84	2.63

As illustrated above, a summary of the financial effects of the share buy-backs 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 loss per share of the Group and the EPS of the Company.

LETTER TO SHAREHOLDERS

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 2017 adjusted to take into account the allotment and issue of 400,940,411 Shares to Shanghai YIGUO E-Commerce Co., Ltd on 5 July 2017, 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.

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.

LETTER TO SHAREHOLDERS

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.

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

LETTER TO SHAREHOLDERS

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;
- (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;

LETTER TO SHAREHOLDERS

- (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 Take-over 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.

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 buy-back mandate, unless so required under the Act, e.g. for a shareholder whose shares are to be bought via a selective buy-back by an unlisted public company.

LETTER TO SHAREHOLDERS

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 CHANGE OF AUDITORS

3.1 Rationale for the Proposed Change of Auditors

The Company's current auditors, RT, have been the Auditors since 28 April 2015. RT was re-appointed as Auditors at the last AGM to hold office until the conclusion of the next AGM.

The Proposed Change of Auditors is recommended by the Audit and Risk Committee in view of the fact that the Proposed Change of Auditors enables the Company to benefit from fresh perspectives and the views of new auditors. More importantly, given the Company's extensive and increasing geographical presence, the appointment of a bigger audit firm will provide better support to the Group's business in other countries as well as to achieve greater reporting efficiency for the Group's audit arrangement.

The Board, after reviewing the credentials of audit firms, accepted the Audit and Risk Committee's recommendation for the appointment of EY in place of RT, subject to the approval of the Shareholders at the EGM.

In this regard, RT had on 22 September 2017 applied to ACRA to seek its consent to resign as the auditors of the Company. On 9 November 2017, RT had received a letter from ACRA approving its resignation as auditors of the Company and had on the same day, provided the Company their resignation letter dated 9 November 2017 stating the reasons for its resignation as the auditors of the Company (the "**Written Statement**"). A copy of the Written Statement has been despatched to Shareholders on 22 November 2017 and a copy is set out in the Appendix to this Circular. In accordance with Section 205AB(5) of the Act and the written approval from ACRA, the resignation of RT as the Auditors had taken effect on 9 November 2017.

EY had on 15 November 2017 given its written consent to act as the Auditors which will be subject to approval of the Shareholders at the EGM. Pursuant to Rule 712(3) of the Listing Manual and Section 205AF of the Companies Act, the appointment of EY in place of RT must be specifically approved by Shareholders at a general meeting. The appointment of EY will therefore take effect upon obtaining the approval of the same by Shareholders at the EGM and, if appointed, EY will hold office until the conclusion of the next AGM.

3.2 Information on EY

Ernst & Young LLP is one of the world's big four accounting firms and a global leader in assurance, tax, transactions and advisory services. In Singapore, EY has a history of 128 years, with over 140 partners and close to 2,900 people offering assurance, tax, transaction and advisory services to a wide-ranging clientele base consisting of multinational companies, private companies and public sector organisations. The Singapore firm is part of an integrated Asia-Pacific Area, which comprises over 29,000 people in 22 countries.

For more information about Ernst & Young LLP, its core values and services are provided at Ernst & Young LLP's website at: <http://www.ey.com/sg/en>.

LETTER TO SHAREHOLDERS

Ms Tan Peck Yen, a partner with EY, will be assigned to the audit of the Company. Ms Tan Peck Yen is a member of Institute of Singapore Chartered Accountants and is a Public Accountant registered with ACRA. Ms Tan Peck Yen holds a Bachelor of accountancy (Hons) degree from Nanyang Technology of University in Singapore. She has more than 20 years of audit experience in providing audit and assurance services to a variety of clients, including public listed companies listed on the SGX-ST.

3.3 Opinion of the Audit and Risk Committee

The Audit and Risk Committee has reviewed and deliberated, and after taking into consideration the suitability of EY and compliance with the Listing Manual, has recommended the Proposed Change of Auditors.

3.4 Opinion of the Directors

The Directors have taken into account the Audit and Risk Committee's recommendation and considered the following factors:

- (a) the adequacy of the resources and experience of EY;
- (b) the audit engagement partner assigned to the audit;
- (c) the other audit engagements of EY;
- (d) the size and complexity of the Group's operations; and
- (e) the number and experience of supervisory and professional staff assigned to the audit of the financial statements of the Group,

and are of the opinion that EY will be able to meet the audit requirements of the Group under Rule 712 of the Listing Manual.

Accordingly, the Directors recommend the appointment of EY as the Auditors in place of RT.

3.5 Rule 1203(5) of the Listing Manual

Confirmation from Outgoing Auditors

In accordance with the requirements of Rule 1203(5) of the Listing Manual, RT has confirmed to EY that it is not aware of any professional reasons why EY should not accept the appointment as Auditors.

Confirmations from the Company

In accordance with the requirements of Rule 1203(5) of the Listing Manual, the Company confirms that:

- (a) there were no disagreements with RT on accounting treatments within the last 12 months;
- (b) it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in this Circular;

LETTER TO SHAREHOLDERS

- (c) the specific reasons for the Proposed Change of Auditors are as disclosed in Section 3.1 above; and
- (d) it is in compliance with Rule 712 and Rule 715 of the Listing Manual in relation to the appointment of EY.

Requirements under Rule 715 of the Listing Manual

Following the approval of the Shareholders for the Proposed Change of Auditors, EY will become the Auditors in place of RT. It is the intention of the Board, upon the recommendation of the Audit and Risk Committee, that subject to the approval of the Shareholders being obtained for the Proposed Change of Auditors at the EGM, and following the appointment of EY as the Auditors, the auditors for the Company's Singapore-incorporated subsidiaries and significant associated companies would be changed to EY as well.

The Company confirms that member firms of EY will be appointed as auditors of its significant foreign-incorporated subsidiaries and associated companies for the purpose of the consolidation of the financial statements of the Group.

The Board and the Audit and Risk Committee of the Group are satisfied that the appointment of EY aforementioned would not compromise the standard and effectiveness of the audit of the Group.

4 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Directors' interests

The shareholdings of the Directors, as extracted from the Register of Directors' Shareholdings, 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	Nil	Nil	120,000	0.017
Yu Liang	–	–	–	–	–	–
Wang Yaobin	–	–	–	–	–	–
Shum Ka Shat	–	–	–	–	–	–
Wang Ai	–	–	–	–	–	–
Yang Guang	–	–	–	–	–	–

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.

LETTER TO SHAREHOLDERS

Substantial Shareholders' interests

The shareholdings of the Substantial Shareholders, as extracted from the Register of 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 AUDIT AND RISK COMMITTEE'S STATEMENT

The Audit and Risk Committee has reviewed the Proposed Change of Auditors and recommends the appointment of EY in place of RT, having satisfied itself of the suitability of EY and ensuring compliance with the Listing Manual.

6 DIRECTORS' RECOMMENDATION

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.

The Directors having fully considered, *inter alia*, the rationale and benefit of the Proposed Change of Auditors and the recommendation of the Audit and Risk Committee, are of the opinion that the Proposed Change of Auditors is in the best interests of the Company. Accordingly, they recommend that the Shareholders vote in favour of the ordinary resolution in respect of the Proposed Change of Auditors at the EGM.

7 EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out in this Circular, will be held on 11 January 2018 for the purpose of considering and, if thought fit, passing with or without modifications the resolution set out therein.

LETTER TO SHAREHOLDERS

8 ACTION TO BE TAKEN BY SHAREHOLDERS

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 attached 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 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.

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, the Proposed Change of Auditors, 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 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;
- (b) the Annual Report for the year ended 31 March 2017;
- (c) the Written Statement from RT dated 9 November 2017;
- (d) the letter from ACRA approving RT's resignation as auditors of the Company dated 9 November 2017;
- (e) the professional clearance letter issued by RT to EY dated 20 September 2017; and
- (f) the consent to act as Auditors from EY dated 15 November 2017.

Yours faithfully

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

Mr James Prideaux
Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING

SUNMOON FOOD COMPANY LIMITED

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the “**EGM**”) of the shareholders (the “**Shareholders**”) of SunMoon Food Company Limited (the “**Company**”) will be held at Conference Room 1, 55 Market Street #03-01 Singapore 048941 on 11 January 2018 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 22 December 2017 (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;
- (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;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (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

“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.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 2

(2) THE PROPOSED CHANGE OF AUDITORS

THAT approval be and is hereby given to the Directors of the Company:

- (a) to appoint Ernst & Young LLP as auditors of the Company in place of RT LLP to hold office until the conclusion of the next annual general meeting at a remuneration and on such terms to be agreed between the Directors and Ernst & Young LLP; and
- (b) to take such steps and exercise such discretion and do all such acts and things (including, without limitation, executing all such documents as may be required) as any Director of the Company may deem desirable, necessary, advisable or expedient to give effect to the matters set out in (a) above.

Explanatory Notes to Ordinary Resolution 2:

In accordance with the requirements of Rule 1203(5) of the Listing Manual:

- (1) RT LLP has confirmed by way of a letter to Ernst & Young LLP dated 20 September 2017 that it is not aware of any professional reasons why Ernst & Young LLP should not accept appointment as new auditors of the Company;
- (2) the Company confirms that there were no disagreements with RT LLP on accounting treatments within the last 12 months;
- (3) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in the Circular;
- (4) the Company confirms that the specific reasons for the Proposed Change of Auditors are disclosed in Section 3.1 of the Circular; and
- (5) the Company confirms that it is in compliance with Rule 712 and Rule 715 of the Listing Manual in relation to the appointment of Ernst & Young LLP.

By Order of the Board of Directors

Mdm Chia Lay Beng
Company Secretary

22 December 2017

NOTICE OF EXTRAORDINARY GENERAL MEETING

IMPORTANT: PLEASE READ NOTES

Notes:

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

Personal data privacy:

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

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 Conference Room 1, 55 Market Street #03-01 Singapore 048941, on 11 January 2018 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 Change of Auditors		

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

Dated this _____

Total Number of Shares held

Signature of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

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

Personal Data Privacy:

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

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