

# REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the “**Board**”) of SunMoon Food Company Limited (the “**Company**”) and together with its subsidiaries, (collectively, the “**Group**”) recognises that sound corporate governance practices are important to the proper functioning of the Group, safeguards shareholders’ interests and enhances long-term value creation. The Board and the management of the Company (the “**Management**”) are pleased to report that the Company has complied with the principles of all material aspects of the Code of Corporate Governance 2018 (“**the Code**”), for the financial year ended 31 March 2025 and where there are material deviations from the Code, the explanations are provided within those sections of the report.

This report sets out the corporate governance practices that have been adopted by the Company.

## BOARD MATTERS

### THE BOARD’S CONDUCT OF AFFAIRS

**PRINCIPLE 1: THE COMPANY IS HEADED BY AN EFFECTIVE BOARD WHICH IS COLLECTIVELY RESPONSIBLE AND WORKS WITH MANAGEMENT FOR THE LONG-TERM SUCCESS OF THE COMPANY.**

The Board comprises three (3) Executive Directors and five (5) Non-Executive Directors. Three (3) of the Non-Executive Directors are Independent Directors whilst two (2) of them are Non-Independent Directors. Together the Board has the relevant core competencies and diversity of experience which enables it to effectively contribute to the Group.

The Board objectively discharges its duties and responsibilities at all times as fiduciaries in the interests of the Company, and puts in place a code of conduct and ethics, sets an appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. Directors who face conflicts of interest must recuse themselves from discussions and decisions involving the issues of conflict.

The Board exercises due diligence and independent judgment in dealing with the business affairs of the Group and works with Management to take objective decisions in the interest of the Group. Any Director who has a conflict of interest which is likely to impact his or her independence or conflict with a subject under discussion by the Board is required to immediately declare his or her interest to the Board, remove himself or herself from the information flow and recuse from participating in any further discussion or voting on the subject matter.

The Board, in addition to its statutory responsibilities, has the responsibility to protect and enhance long-term shareholders’ value. It sets the overall strategy for the Group and Management. To fulfil this role, the Board is responsible for the overall corporate governance of the Group which includes:

1. Setting and guiding the corporate strategy, directions and financial objectives of the Group, and monitoring the performance of Management towards achieving adequate shareholders’ value;
2. Providing guidance and leadership to Management and ensures that adequate resources are available to meet its objectives;
3. Assessing Management’s performance;
4. Establishing and overseeing the processes and frameworks related to risk management and internal control, financial reporting and compliance, including the release of financial results and announcements of material transactions;
5. Setting Company’s values and standards (including ethical standards and organisational culture), and ensuring that obligations to shareholders and other stakeholders are understood and met;
6. Approving all Board appointments and appointments of key management personnel (“KMP”);
7. Approving annual budgets, major funding proposals, investment and divestment proposals;

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8. Advising Management on major policy initiatives and significant issues;
9. Overseeing the proper conduct of the Company's business and assuming responsibility for corporate governance;
10. Identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation;
11. Considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and
12. Ensuring proper accountability within the Company.

To assist the Board in the execution of its responsibilities, the Board delegates specific authority to three Board Committees which comprise the Audit and Risk Committee ("ARC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively, **"Board Committees"**). The delegation of authority by the Board to the Board Committees enables the Board to achieve operational efficiency by empowering these Board Committees to decide, review and make recommendations on matters within their respective written terms of reference and/or limits of delegated authority, without abdicating the Board's overall responsibility.

Specific written terms of reference for each of the Board Committees set out the required composition, authority and responsibilities of the Board Committees, and provide for each Board Committee to submit at least a report of its activities to the Board. All terms of references for the Board Committees are approved by the Board and reviewed periodically to ensure their continued relevance, taking into account the changes in the governance and legal environment. These Board Committees function within clearly defined terms of reference and operating procedures which are reviewed on a regular basis. The effectiveness of each Board Committee is also constantly monitored.

The Board conducts an annual review of its processes to ensure that it is able to carry out its functions in the most effective manner.

The approval of the Board is required for any matter which is likely to have a material impact on the Group's operating units and/or financial positions as well as matters other than in the ordinary course of business. The Company has an internal guideline for matters that require Board's decision and approval, which include the following matters:

1. Major funding proposals, investments, acquisitions and divestments of interest including the Group's commitment in terms of capital and other resources;
2. Corporate and Business plans, the annual budgets and financial plans of the Group;
3. Statutory Reporting including half yearly and full year announcements to Singapore Security Trading Limited ("SGX" or "SGX-ST"), Annual Report, any ad-hoc release to **SGX**;
4. Internal controls and risk management strategies and execution;
5. Appointment of Directors and KMP, including review of performance and remuneration packages; and
6. The Group has also in place financial authorization limits for matters such as operating and capital expenditure, credit lines and acquisition and disposal of assets and investments, which require the approval of the Board as per limits and Delegation of Authority set by the Board.

## **New Directors**

The Directors, when first appointed, would be given an orientation on the Group's business strategies and operations. Directors also have the opportunity to visit the Group's operating facilities and meet with the Management to gain a better understanding of the Group's business operations and governance practices. The Company will provide a formal letter to the newly-appointed Directors, setting out the Director's duties and obligations. For newly-appointed Directors who have no prior experience as Directors of a listed company, they will undergo briefing on the roles and responsibilities as Directors of a listed company.

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## Existing Directors

The Company will also, at its own expense, offer opportunities to Directors to update and refresh their knowledge in areas such as Directors' duties and responsibilities, corporate governance, changes in financial reporting standards, changes in the Companies Act 1967 ("Companies Act"), continuing listing obligations and industry-related matters, and refresh the Directors on matters that may affect or enhance their performance as Board or Board Committee members.

All Directors will receive continuing education and training in areas pertaining to their duties and responsibilities, including corporate governance, financial reporting standards, and the relevant laws and regulations, such as the SGX-ST Listing Rules, the Code and the Companies Act. The Directors are invited to attend seminars and trainings organised by the Singapore Institute of Directors and other professional organisations to stay abreast of recent developments and approaches in financial, legal, corporate governance and regulatory practices.

## Attendance at Board and Board Committees Meetings

The Board will meet on a quarterly basis and ad-hoc Board meetings will be convened when they are deemed necessary. Apart from physical meetings, the Board and Board Committees also circulate written resolutions for approval by the relevant members of the Board and Board Committees. The Company's Constitution allows a board meeting to be conducted by way of a tele-conference and video conference, audio visual, or other similar communications equipment.

The NC will review the multiple board representations held by the Directors on an annual basis to ensure that sufficient time and attention is given to the affairs of the Company. The NC is of the view that the multiple board representations held presently by the Directors do not impede their respective performance in carrying out their duties as a Directors of the Company and the Directors have committed their time effectively to discharge their responsibilities.

Details of Directors' attendance at the Board and Board Committee meetings held for the financial year from 1 April 2024 to 31 March 2025 ("FY2024/25") are summarised in the table below.

	Board	Audit & Risk Committee	Remuneration Committee	Nominating Committee
<b>Number of Meetings held</b>	4	2	1	1
<b>Non-Executive Directors</b>				
Mr James Prideaux	4	2	1	1
Ms Ng Bie Tjin @Djuniarti Intan	4	2	1	1
Mr Yuen Pei Lur, Perry	3	2	1	1
Mr Wang Bo	4	2	NA	NA
Mr Song XiaoJun	4	NA	1	NA
<b>Executive Directors</b>				
Mr Zhang Ye	4	NA	NA	1
Mr Cen Jian	4	NA	NA	NA
Ms Liu YuanYuan	4	NA	NA	1

Management is required to provide complete, adequate and timely information to the Board on the Board's affairs and issues that require the Board's decision from time to time. Information provided included background of explanatory information, copies of disclosure documents, budgets, quarterly financial statements, management accounts and any material variances between the projections and actual results. This is to allow sufficient time for the Board members to obtain further explanations, where necessary, and to be properly briefed and adequately prepared for Board meetings.

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The Chief Executive Officer ("CEO") keeps the Board members abreast of key developments affecting the Group as well as material transactions so that the Board is fully aware of the affairs of the Group.

The Board has separate and independent access to Management, Company Secretary and other employees at all times to request for any additional information needed to make informed decisions. Similarly, KMP, the Company's auditors or external consultants are invited to attend Board and Board Committee meetings to update and provide independent professional advice on specific issues, where necessary.

The Company Secretary attends all Board meetings and assists the Board in ensuring that Board procedures and all other rules and regulations applicable to the Company are complied with. The Company Secretary will assist the Chairman and the Board to ensure that good information flows within the Board and its committees and between senior management and Non-Executive Directors, to advise the Board on all governance matters, as well as to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value. The appointment and removal of the Company Secretary is subject to approval by the Board.

The Company has in place the procedure to enable the Directors, whether as a group or individually, to obtain independent professional advice as and when necessary in furtherance of their duties at the Company's expense. The appointment of such independent professional advisor is subject to approval by the Board.

## BOARD COMPOSITION AND GUIDANCE

PRINCIPLE 2: THE BOARD HAS AN APPROPRIATE LEVEL OF INDEPENDENCE AND DIVERSITY OF THOUGHT AND BACKGROUND IN ITS COMPOSITION TO ENABLE IT TO MAKE DECISIONS IN THE BEST INTERESTS OF THE COMPANY.

The Board comprises three (3) Executive Directors, three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. The present composition of the Board complies with the Code's provision where Non-Executive Directors make up a majority of the Board. The participation of the Directors in the Board Committees is as follows:

Name of Director	Independence	Board	Audit & Risk Committee	Remuneration Committee	Nominating Committee
Mr James Prideaux	Lead Independent Non-Executive	C	M	M	M
Ms Ng Bie Tjin @Djuniarti Intan	Independent Non-Executive	M	C	M	C
Mr Yuen Pei Lur, Perry	Independent Non-Executive	M	M	C	M
Mr Zhang Ye	Executive	M	–	–	M
Ms Liu YuanYuan	Executive	M	–	–	M
Mr Cen Jian	Executive	M	–	–	–
Mr Wang Bo	Non-Independent Non-Executive	M	M	–	–
Mr Song XiaoJun	Non-Independent Non-Executive	M	–	M	–

C: Chairman; M: Member

The NC adopts the Code's definition of what constitutes an Independent Directors in its annual review. The NC, having considered the declarations made by the Independent Directors in respect of their independence, is of the view that the current Board has an appropriate level of independence to enable it to make decisions in the best interests of the Company.

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The NC is satisfied that the Independent Directors have no relationship (whether familial, business, financial, employment, or otherwise) with the company, its related corporations, substantial shareholders or officers, which could interfere or be perceived to interfere with the Director's independent judgment. Moreover, the Independent Directors do not have any interest, direct or indirect in the Group and do not receive benefits (direct or indirect) other than remuneration paid to the Independent Directors in connection with their professional services rendered to the Company.

The Board confirms that none of the Independent Directors has served on the Board beyond nine (9) years from the date of his/her first appointment.

The Chairman of the Board is Mr James Prideaux, who is a Lead Independent Director. Under the Chairmanship of Mr James Prideaux, the Non-Executive Directors continue to contribute to the Board process by reviewing Management's performance against goals and objectives, and monitoring the reporting of performance. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management's proposals and/or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities. The Chairman also ensure that during the meeting no individual or small group of individuals dominate the Board's decision making process.

During the year, the Non-Executive Directors communicated and met amongst themselves without the presence of Management as and when the need arose. The Company has benefited from the Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board Committees meetings.

The Chairman (Lead Independent Director) has the authority to call and lead meetings of the Independent Directors, when necessary and appropriate. The Independent Directors will meet periodically without the presence of the other Directors, and the Lead Independent Directors will provide feedback to the CEO after such meetings as appropriate.

## **Board Diversity**

The NC reviews the size and composition of the Board annually to ensure that the Board has the appropriate mix of expertise, skills, knowledge, experience and gender diversity for effective decision-making. The Board, in concurrence with the NC, is of the view that the current number of eight (8) Directors and the composition are appropriate and effective, taking into consideration the scope and nature of the Company's operations. No individual or small group of individuals dominate the Board's decision-making.

The review will also ensure that there is a process of refreshing the Board progressively over time so that the experience of longer serving Directors can be drawn upon while tapping into the new external perspectives and insights which more recent appointee could bring to the Board's deliberation. Together, the Directors as a group provide core competencies such as accounting and finance, business experience, industry knowledge, strategic planning experience and customer-based experience.

The Company has put in place a Board Diversity Policy ("Policy") which recognises the benefits of having an effective and diverse Board, and states that NC is responsible for setting the diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development.

The Board observes and applies the Policy to ensure that the Board will have an appropriate level of diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company. In this regard, the Board, supported by the NC, encourages the emergence of diverse candidates by ensuring that the Board is made up of a diversity of candidates (including consideration of a diversity of skills, knowledge, experience, gender, ethnicity and age).

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Our policy has a formalised target of at least one (1) female representative on the Board. The current Board comprises two (2) female Directors and six (6) male Directors with an age group ranging from 33 to 63 years old. Female Directors represent 25% of the Board. The Company's target to maintain this level of gender diversity in the period leading up to 31 March 2026. Each director has been appointed based on the strength of his or her calibre, experience, grasp of corporate strategy and potential to contribute to the Company and its businesses. i.e. the appointments of directors has augmented other aspects of Board diversity in terms of professional qualifications, ethnicity, industry and geographic knowledge, age and skills and experience. The Board provides diversity of expertise and knowledge in areas such as accounting, finance, strategic planning, investment, business management and administration, legal and regulation, industry knowledge and economics.

Considering the nature and scale of the Group's business as well as the constantly evolving nature of business and industry conditions, the Board is satisfied that the size and composition of the Board and its Board Committees are appropriate at present and the current Directors have vast business and management experience and varied qualifications and expertise in the areas of finance, accounting, business management and industry knowledge, with varying age profiles. The Board is of the view that the current Board composition is sufficiently diverse to avoid groupthink and foster constructive debate and that, consistent with the broad principle behind Principle 2 of the Code, the current Board has an appropriate level of independence and diversity of thought and background to enable it to make decisions in the best interests of the Company.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

**PRINCIPLE 3: THERE IS A CLEAR DIVISION OF RESPONSIBILITIES BETWEEN THE LEADERSHIP OF THE BOARD AND MANAGEMENT, AND NO ONE INDIVIDUAL HAS UNFETTERED POWERS OF DECISION-MAKING.**

The Chairman of the Board is a non-executive appointment and is separate from the office of the CEO. The separation of the roles of Chairman and CEO ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The positions of Chairman and CEO are held by Mr James Prideaux and Mr Zhang Ye respectively.

Mr James Prideaux and Mr Zhang Ye are not related to each other and do not have any business relationship with each other.

The roles of the Chairman and the CEO are separate and distinct, each having their own areas of responsibilities. The distinctive separation of responsibilities between the Chairman and the CEO had ensured an appropriate balance of power, increased accountability and greater capacity for the Board to exercise independent decision-making. There is a clear division of responsibilities, as set out in writing and agreed by the Board, between the leadership of the Board and the executives responsible for managing the Company's business.

As the Chairman, Mr James Prideaux bears responsibility for the effective working of the Board. He is responsible for amongst others, ensuring that the Directors receive accurate, timely and clear information. He sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. In addition to making sure that each Director effectively contributes to the Group, he also encourages constructive relations between the management of the Company and the Board as well as between the Executive Directors and Non-Executive Directors and promotes a culture of openness and debate within the Board. Mr James Prideaux is also appointed as the Lead Independent Director of the Company for communicating with the shareholders in situations where their concerns are not resolved by the CEO and/or Management.

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The CEO, Mr Zhang Ye, is responsible for the execution of the strategic plans set out by the Board and ensures that the Directors are kept updated and informed of the Group's business. He has played an instrumental role in developing the business, and has also provided the Group with strong leadership and vision. With the assistance of the Company Secretary, he schedules meetings and prepares meeting agenda to provide guidance, advice and leadership to the Board to perform its duties effectively. He is responsible for amongst others, ensuring that the Directors receive accurate, timely and clear information. Together with the Chairman, he sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. In addition to making sure that effective communication is achieved with the shareholders, he acts as facilitator to Non-Executive Directors for them to effectively contribute to the Group. He also encourages constructive relations between the Management and the Board as well as between the Executive Directors and Non-Executive Directors and promotes a culture of openness and debate at the Board.

The above is not an exhaustive description of the current or future role of the CEO. The role of the CEO may change in line with developments affecting the Group.

The Board is of the view that there is a clear division of responsibilities between the Chairman and the CEO which ensures that there is an appropriate balance of power, increased accountability and sufficient capacity of the Board for independent decision making.

## BOARD MEMBERSHIP

PRINCIPLE 4: THE BOARD HAS A FORMAL AND TRANSPARENT PROCESS FOR THE APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS, TAKING INTO ACCOUNT THE NEED FOR PROGRESSIVE RENEWAL OF THE BOARD.

### NOMINATING COMMITTEE ("NC")

The NC, regulated by a set of written terms of reference, comprises the following five (5) Directors:

Ms Ng Bie Tjin @Djuniarti Intan (Chairperson)	-	Independent Director
Mr James Prideaux	-	Lead Independent Director
Mr Yuen Pei Lur, Perry	-	Independent Director
Mr Zhang Ye	-	Executive Director
Ms Liu YuanYuan	-	Executive Director

The NC is responsible for setting the relevant objectives that promote and achieve diversity on the Board. In achieving its objectives, NC is responsible for the following:

- (a) to review, assess and make recommendations to the Board on all Board appointments, including re-appointments, having regard to the Directors' contribution and performance as well as identifying any gaps in the Board's skills sets taking into account the Company's business operations;
- (b) to review annually the structure, size and composition (including the skills, gender, age, qualification, experience and diversity) of the Board and Board Committees. The NC shall make recommendations to the Board with regard to any adjustments that may be deemed necessary;
- (c) to review the succession plans for Directors, CEO and KMP and where appropriate, review contingency arrangements for any unexpected and sudden and unforeseen changes relating to the key management team in charge of the business operations;

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- (d) to determine annually, and on a discretionary basis, whether or not a director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors. Each Independent Director is required to provide a declaration in writing to confirm his/her independence and his/her relationships with the Director, Management and substantial shareholder of the Company;
- (e) to determine if a Director with other listed company board representations and/or principal commitments is able to and has been adequately carrying out his duties as a Director of the Company. The NC takes into account the effectiveness of the individual Director, and the respective Director's conduct on the Board, in making this determination. In respect of FY2024/25, the NC was of the view that each Director has given sufficient time and attention to the affairs of the Company and has been able to discharge his duties as Director effectively. As a guide, the Board determines five (5) as the maximum number of board representations in listed companies which any Director may hold subject to any special circumstances that may be applicable to any particular Director;
- (f) to determine the process for selection and appointment of new Directors to the Board, including disclosure on the search and nomination process;

In the search, nomination and selection process for new Directors, the NC identifies the key attributes that an incoming Directors should have, based on the balance and diversity of skills, experience, gender and knowledge required by the Board and the requirements of the Group. After endorsement by the Board of the key attributes, the NC taps on the resources of Directors' personal contacts and recommendations of potential candidates, and goes through a shortlisting process. If candidates identified from this process are not suitable, executive recruitment agencies are appointed to assist in the research process. Interviews are set up with potential candidates for NC members to assess them, before a decision is reached. New Directors are appointed by way of a Board resolution after the NC has reviewed and recommended the appointment of these new Directors.

- (g) to decide how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board, that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value;
- (h) to review training and professional development programmes for the Board and its Directors; and
- (i) to ensure that new Directors are aware of their duties and obligations.

The NC is charged with the responsibility of recommending to the Board the re-appointment of Directors having regard to, among other things, their past contribution and performance. The Directors submit themselves for re-nomination at regular intervals of at least once every three (3) years. Pursuant to the Constitution of the Company, one third of the Board or if their number is not a multiple of three, the number nearest to but not less than one third with a minimum of one, to retire from office by rotation and be subjected to re-election at the Annual General Meeting ("AGM") of the Company. A newly appointed Directors must also subject himself or herself to retirement and re-election at the AGM immediately following his/her appointment. Thereafter, he/she is subject to retirement by rotation once every three years.

The Directors due for re-election at the forthcoming AGM under are Mr Yuen Pei Lur, Perry, Mr Wang Bo and Ms Liu YuanYuan. After assessing the contribution and performance of the retiring Directors, the NC has recommended the re-election of all the subjected Directors and the Directors have offered themselves for re-election and the Board has accepted the recommendations of the NC. Each Director had recused himself and herself relating to the recommendation on his or her re-election as Director of the Company.

The NC had assessed the independence of the Independent Directors namely Mr James Prideaux, Ms Ng Bie Tjin @Djuniarti Intan and Mr Yuen Pei Lur, Perry and were satisfied that there was no relationship or other factors such as financial assistance, past association, business dealings, being a representative of a shareholder, financial dependence, relationship with the Group or the Group's management, which would impair or compromise their independent judgment or which would deem them not to be independent.

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Therefore, the NC is of the view that the Board has sufficient independent element and its composition is appropriate to facilitate effective decision-making. Each Independent Director had recused himself and herself in the determination of his and her own independence.

The Company has no alternate Director on its Board.

Presently, none of the Director held more than five (5) Directorship in the listed companies. As the number of board representations should not be the only measurement of a Director's commitment and ability to contribute effectively, the NC takes the view that if a Director wishes to hold board representations in more than the maximum stated per the guidelines, a request must be made to the NC before submitting to the Board for approval.

The key information of each Director including Directors hips and chairmanships in other listed companies, other major appointments and principal commitments, academic/professional qualifications and etc. can all be found under the Directors' profile section on pages 5 to 7 of this Annual Report.

Having reviewed each Director's external Directorships, their principal commitments, as well attendance and contributions to the Board, the NC was satisfied that these Directors are able to contribute and adequately performed their duties as Director of the Company.

## BOARD PERFORMANCE

**PRINCIPLE 5: THE BOARD UNDERTAKES A FORMAL ANNUAL ASSESSMENT OF ITS EFFECTIVENESS AS A WHOLE AND THAT OF EACH OF ITS BOARD COMMITTEES AND INDIVIDUAL DIRECTORS.**

The Company acknowledges the importance of a formal assessment of Board performance and has adopted a formal system of evaluating Board performance as a whole. The Company has adopted the measures and process proposed by the NC in relation to the evaluation of Board performance. An evaluation of Board performance is conducted to identify areas of improvement and as a form of good Board management practice.

In FY2024/25, the NC assess the effectiveness of the Board as a whole and its Board Committees and contribution by each Director on each of the following:

- Board composition;
- Information to the board;
- Board procedure;
- Board accountability;
- CEO/Management; and
- Standard of conduct.

The evaluation process involves each Director completing a questionnaire on the overall effectiveness of the Board covering areas such as Board's composition and conduct, Board's processes and procedures, Board's accountability, and evaluation and succession planning of key executives, as well as each Board committee member completing a self-assessment questionnaire in respect of the effectiveness of their respective Board committees.

To ensure confidentiality, all duly completed evaluation forms were submitted to the Company Secretary for collation. The responses on a collective basis are then discussed by the NC. The NC discusses the results of the Board's performance evaluation to identify areas where improvements are necessary and makes recommendations to the Board for action to be taken.

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The NC then shared the observation and findings with the Board to provide necessary feedback on their performance, with a view to improve performance and shareholders' value. The Chairman and CEO will act on the results of the evaluation and where appropriate and in consultation with the NC, propose the appointment of new Directors or seek the resignation of current Directors.

The NC has reviewed the overall performance of the Board, Board Committees and individual Directors for FY2024/25 and was satisfied that the Board as a whole and Board Committees have met the performance evaluation criteria and objectives and each Director has contributed effectively and demonstrated commitment to their respective roles, including commitment of time for the Board and Board Committee meetings and any other duties in FY2024/25.

The NC has not engaged external evaluation facilitators for the financial year in review.

## REMUNERATION MATTERS

### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

**PRINCIPLE 6: THE BOARD HAS A FORMAL AND TRANSPARENT PROCEDURE FOR DEVELOPING POLICIES ON DIRECTORS AND EXECUTIVE REMUNERATION, AND FOR FIXING THE REMUNERATION PACKAGES OF INDIVIDUAL DIRECTORS AND KEY MANAGEMENT PERSONNEL. NO DIRECTOR IS INVOLVED IN DECIDING HIS OR HER OWN REMUNERATION.**

#### **Remuneration Committee (“RC”)**

The RC, regulated by a set of written terms of reference, comprises the following four (4) Directors:

Mr Yuen Pei Lur, Perry (Chairman)	-	Independent Director
Mr James Prideaux	-	Lead Independent Director
Ms Ng Bie Tjin @Djuniarti Intan	-	Independent Director
Mr Song XiaoJun	-	Non-Independent Non-Executive Director

The RC duties are including but not limited for the following:

- (a) to recommend to the Board for endorsement of framework and policies of remuneration for the Executive Directors and KMP;
- (b) to review and recommend the fees for Non-Executive Directors, taking into account factors such as their effort and time spent, and their responsibilities;
- (c) to review and recommend specific remuneration packages and terms of employment for each Executive Director and KMP, including but not limited to Director's fees, salaries, allowances, bonuses, options, and benefits-in-kind;
- (d) in the case of service contracts, to consider what compensation commitments the Directors', CEO's and KMP's contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and
- (e) monitor the level and structure of remuneration for KMP relative to the internal and external peers and competitors.

The RC ensures the appropriateness, transparency and accountability to shareholders on issues of remuneration of the Directors and Management. No Director will be involved in deciding his own remuneration. Each member of the RC shall abstain from voting on any resolution and making any recommendations in respect of his or her remuneration package.

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The Company has not engaged any remuneration consultants for FY2024/25 and will continue to monitor the need to engage external remuneration consultants going forward and where applicable, will review the independence of the external firm before any engagement.

The annual review covers all aspects of remuneration including salaries, fees, allowances, bonuses, options and benefits-in-kind, taking into consideration the long-term interests of the Group as well as the termination terms, to ensure they are fair and not overly generous. The RC will also take into account the performance of the Group as well as that of the Directors and Key Executive Officers, aligning their interests with those of Shareholders and linking rewards to corporate and individual performance as well as industry benchmarks. It ensures that remuneration package is appropriate to attract, retain and motivate the Directors and Key Executive Officers to provide good stewardship of the Group and successfully manage the Group for the long term.

## LEVEL AND MIX OF REMUNERATION

**PRINCIPLE 7: THE LEVEL AND STRUCTURE OF REMUNERATION OF THE BOARD AND KEY MANAGEMENT PERSONNEL ARE APPROPRIATE AND PROPORTIONATE TO THE SUSTAINED PERFORMANCE AND VALUE CREATION OF THE COMPANY, TAKING INTO ACCOUNT THE STRATEGIC OBJECTIVES OF THE COMPANY.**

The remuneration packages are set such that the Directors and KMP are adequately but not excessively remunerated as compared to other comparable companies in the industry in view of present market conditions. The remuneration policy adopted takes into account the individual's and the Company's performance, and whether it is aligned with the interest of shareholders, and promotes the long-term success of the Company.

The RC also recognises the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore, in determining the compensation structure, the RC has taken into account the risk policies and risk tolerance of the Group as well as the time horizon of risks, and incorporated risk-adjustments into the compensation structure through several initiatives.

In determining such remuneration packages, the RC will ensure that they are adequate by considering, in consultation with the Chairman of the Board, the respective individual's responsibilities, skills, expertise and contribution to the Company's performance, and whether they are competitive and sufficient to ensure that the Company is able to attract, retain and motivate the Directors to provide good stewardship of the Company and KMP to successfully manage the company for the long term.

The remuneration of the CEO, Mr Zhang Ye, as set out in the 3-years services agreement which commenced on 1 January 2022, comprises of only a fixed monthly salary of S\$1 for the period from 1 January 2022 to 31 March 2022, and fixed monthly salary of S\$15,000 for the period from 1 April 2022 to 31 March 2025. The subsequent remuneration for Mr Zhang Ye will be reviewed and adjusted based on the Company's performance. The service agreement may be terminated during such term either as provided in the service agreement or by either party giving to the other a written notice. There are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of CEO.

Mr Cen Jian, as set out in the 3-years services agreement which commenced on 21 August 2020, will not be entitled to any service fee or remuneration for his appointment as an Executive Director of the Company. Mr Cen Jian receiving fixed monthly salary from Shanghai SunMoon Supply Chain Management Co., Ltd, ("ShanMai"), a wholly owned subsidiary of the Company, where the details of his remuneration are disclosed under KMP. The service agreement may be terminated during such term either as provided in the agreement or by either party giving to the other a written notice. There are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the Executive Director.

# REPORT ON CORPORATE GOVERNANCE

The remuneration of Ms Liu YuanYuan, as set out in the 3-years services agreement which commenced on 1 April 2023, comprises of a fixed monthly salary for her position as Strategy Director and is not entitled to any services fee or remuneration for her appointment as an Executive Director of the Company. Prior to her appointment as Executive Director and Strategy Director of the Company, Ms Liu received a fixed monthly salary from SunMoon Food (Shanghai) Co. Ltd ("SMSH"), a wholly owned subsidiary of the Company, where the details of her remuneration are disclosed under KMP. The service agreement may be terminated during such term either as provided in the agreement or by either party giving to the other a written notice. There are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the Executive Director and Strategy Director.

The current remuneration of the Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate the Directors. The Independent Directors have not been overcompensated to the extent that their independence is compromised. The Directors' fees are endorsed by the RC and recommended by the Board for Shareholders' approval at the AGM of the Company. Except for Directors' fees, the Non-Executive Directors do not receive any other forms of remuneration, such as shares, from the Company.

The Company has an employee share option scheme known as "SunMoon Share Option Scheme 2024" and a performance share plan known as "SunMoon Performance Share Plan 2024", which provides eligible participants with an opportunity to participate in the equity of the Company and to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services. With both schemes in place, the Company have a more comprehensive and flexible set of remuneration tools to better motivate, retain and recruit talent. Both of the SunMoon Share Option Scheme 2024 and SunMoon Performance Share Plan 2024 were approved and adopted by the shareholders at an Extraordinary General Meeting ("EGM") of the Company held on 30 July 2024. There were no share options granted under the SunMoon Share Option Scheme 2024 nor share awards were issued under the SunMoon Performance Share Plan 2024 during FY2024.

The Company does not have contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors, Non-Executive Directors and KMP in the event of a breach of their fiduciary duties to the Company, such as misstatement of financial results, or misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself of remedies against the Executive Directors in the event of such breach of fiduciary duties.

## DISCLOSURE ON REMUNERATION

**PRINCIPLE 8: THE COMPANY IS TRANSPARENT ON ITS REMUNERATION POLICIES, LEVEL AND MIX OF REMUNERATION, THE PROCEDURE FOR SETTING REMUNERATION, AND THE RELATIONSHIPS BETWEEN REMUNERATION, PERFORMANCE AND VALUE CREATION.**

The Group's remuneration policy (which covers all aspects of remuneration, including directors' fees, salaries, allowances and bonuses, grant of share options, and benefits-in-kind) is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and key management personnel of the required experience and expertise. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market or the industry.

# REPORT ON CORPORATE GOVERNANCE

## Directors

The fees payable and remuneration paid to each of the Directors of the Company for the financial period from 1 April 2024 to 31 March 2025 with a breakdown of the level and mix of the remuneration is as follows:

	Fees <sup>(1)</sup> %	Salary %	Bonus and Benefits-in-Kind %	Total (\$)
<b>Executive Directors</b>				
Mr Zhang Ye	–	100	–	194,178
Mr Cen Jian	–	–	–	–
Ms Liu YuanYuan	–	–	–	–
<b>Non-Executive Directors</b>				
Mr James Prideaux	100	–	–	55,000
Ms Ng Bie Tjin @Djuniarti Intan	100	–	–	48,000
Mr Yuen Pei Lur, Perry	100	–	–	38,000
Mr Wang Bo	–	–	–	–
Mr Song XiaoJun	–	–	–	–

(1) Directors' fees are subject to shareholders' approval as a lump sum at the AGM to be held on 29 July 2025

No Director is involved in deciding his/her own remuneration. Each RC member has abstained from participating in the deliberations of and voting on any resolution in respect of his/her remuneration package or that of employees related to him/her.

## Top Key Management Personnel

The Company only identified four (4) KMP and the remuneration paid to or accrued to the KMP (who are not Directors or the CEO), for the financial period from 1 April 2024 to 31 March 2025 is tabled with a breakdown of the level and mix of the remuneration as follows:

	Fixed Salary <sup>(1)</sup> %	Variable Bonus %	Benefits-in-Kind %	Total (S\$'000)
<b>Below S\$250,000</b>				
Mr Cen Jian <sup>(2)</sup>	100	–	–	598
Ms Liu YuanYuan <sup>(3)</sup>	100	–	–	
Ms Huang ChaoPing <sup>(4)</sup>	100	–	–	
Ms Wang Hui Zhen	100	–	–	

(1) Fixed Salary includes all social contribution paid by employer.

(2) Mr Cen Jian received remuneration from ShanMai for his position as General Manager in ShanMai.

(3) Ms Liu YuanYuan received remuneration from SMF as Strategy Director.

(4) Ms Huang ChaoPing received remuneration from SMDT as Finance Director in SMDT.

# REPORT ON CORPORATE GOVERNANCE

The Company believes that it should not disclose the remuneration paid to each of KMP in absolute amount due to the highly competitive market and in the interest of maintaining good morale and building team work within the Group. There were no termination, retirement and/or post-employment benefits granted to Directors or KMP during FY2024/25.

No employee of the Company and its subsidiaries was an immediate family member of a Director or the CEO and whose remuneration exceeded \$100,000 during the FY2024/25. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

## ACCOUNTABILITY AND AUDIT

### RISK MANAGEMENT AND INTERNAL CONTROLS

**PRINCIPLE 9: THE BOARD IS RESPONSIBLE FOR THE GOVERNANCE OF RISK AND ENSURES THAT MANAGEMENT MAINTAINS A SOUND SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROLS, TO SAFEGUARD THE INTERESTS OF THE COMPANY AND ITS SHAREHOLDERS.**

The Board acknowledges that it is responsible for determining the Company's level of risk tolerance and risk policies, the overall internal control framework, the overseeing of the Management in the design, implementation and monitoring of a sound system of risk management and internal controls to safeguard the shareholders' interests and the Company's assets.

The Audit and Risk Committee ("ARC") reviews the adequacy of the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the Management as well as the independence, objectivity and effectiveness of the internal audit function to ensure that the internal audits are conducted effectively, and the Management provides the necessary cooperation to enable the internal audit to perform its function. The ARC is satisfied that the internal audit function is independent, effective and adequately resourced.

With these steps, the ARC believes that the system of internal control implemented by the Management has ensured that a proper internal control mechanism is still in place and remains effective and adequate to identify, address and mitigate risks from jeopardising the Company's operation. The system of internal controls currently implemented by the Group provides reasonable assurance against financial misstatements or loss.

In addition, the external auditors carry out, in the course of their statutory audit, an annual review of the effectiveness of the Company's material internal controls to the extent laid out in their audit plan. Material internal control weaknesses noted during their audit (if any) and the auditors' recommendations are reported to the Board and the ARC. Steps are taken to rectify any weaknesses reported. For FY2024/25, no material internal control weaknesses were noted by the external auditors.

The Board recognises that no internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board and ARC get assurance based on all works performed as listed below:

1. Internal controls established and maintained by the Group as documented and reviewed as necessary in the matrix of risk register, group policies, and Standard Operating Procedures;
2. Work performed by the external auditors;
3. ARC discussions and reviews performed by the ARC and the Board;
4. Reviews performed by the Management;
5. Execution of the Group Whistle Blowing Policy; and
6. Other reviews performed by other committees.

# REPORT ON CORPORATE GOVERNANCE

The ARC had incepted an internal audit program covering various areas of the accounting functions and accounting cycles executed by the outsourced internal audit firm appointed by the Group. Based on the work performed by the outsourced internal auditors over previous years, no material weaknesses in internal control testing have been identified. For the observations presented by the internal auditors, the management had also responded to the observations, accepted the recommendations or taken steps to address some of the minor issues identified. Moreover, in planning and performing the audit, the external auditors had also reviewed the accounting and internal control systems of the Group to the extent they considered necessary. Some observations have been presented and recommendations made. The management had also responded to the observations, accepted the recommendations or taken steps to address some of the issues identified.

The Management had also put in place a system of internal controls and policies in the group and diligently ensuring the controls and policies are followed.

The Board, with the concurrence of the ARC, and based on the work performed by external auditor and reviews performed by Management and various Board Committees, holds the opinion that the risk management systems and internal controls addressing financial, operational, and compliance risks maintained by the Management throughout the financial year from 1 April 2024 to 31 March 2025, up to the date of this report, are adequate and effective to meet the needs of the Group in its current business environment.

The Board and the ARC view that the risk management and internal control system within the Group are adequate and effective in addressing the material financial, operational, information technology and compliance risks in the Group

The Board has received assurance from the CEO, the Group Financial Director and the Group Financial Controller that:-

- (a) The financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances;
- (b) The risk management and internal control systems in place within the Group are adequate and effective in addressing the material financial, operational, information technology and compliance risks in the Group; and
- (c) The system of internal controls and risk management established by the Group provides reasonable but not absolute assurance that the Group will not be adversely affected by any event that can reasonably be foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal control and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, fraud or other irregularities.

## AUDIT AND RISK COMMITTEE (“ARC”)

PRINCIPLE 10: THE BOARD HAS AN AUDIT COMMITTEE WHICH DISCHARGES ITS DUTIES OBJECTIVELY.

The ARC, regulated by a set of written terms of reference, comprises the following four (4) Directors:

Ms Ng Bie Tjin @Djuniarti Intan (Chairperson)	-	Independent Director
Mr James Prideaux	-	Lead Independent Director
Mr Yuen Pei Lur, Perry	-	Independent Director
Mr Wang Bo	-	Non-Independent Non-Executive Director

The Board is of the view that the members of the ARC are appropriately qualified, having the necessary accounting or related management expertise or experience as the Board interprets such qualification, to discharge their responsibilities.

The external auditor will provide regular updates to the ARC on relevant changes to the accounting standards and the implications on the financial statements.

# REPORT ON CORPORATE GOVERNANCE

The ARC meets periodically to discuss and review the following where applicable:

## Audit

- (a) to review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (b) to review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);
- (c) to review the independence and objectivity of the Company's external auditor and its internal audit function, and to recommend to the Board their appointment or re-appointment;
- (d) to review the effectiveness of the Company's external auditor and internal audit function;
- (e) to review the scope and results of the Company's external audit and internal audit function, and to review and discuss with the external auditor:
  - the audit plan, their audit report, their letter to Management and Management's response;
  - the quarterly, half yearly, and annual financial announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;
  - the co-operation between external auditor, the internal audit function and Management, reviewing the assistance given by Management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matter which the auditor may wish to discuss (in the absence of Management where necessary);
- (f) to review and discuss with internal and external auditors about any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response;
- (g) to make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditors. Where the external auditors also supply a substantial volume of non-audit services to the company, the ARC reviews the nature and extent of such services, seeking to maintain objectivity;
- (h) to meet with the external auditors, in each case without the presence of Management, at least once annually;
- (i) to review the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;
- (j) to conduct an annual review of the whistleblowing arrangements to ensure effective implementation. Where necessary, the arrangements should be amended;
- (k) to review transactions falling within the scope of Chapter 9 of the Listing Manual and potential conflicts of interests, if any;

# REPORT ON CORPORATE GOVERNANCE

- (l) to undertake such other reviews and projects as may be requested by the Board and to report to the Board its findings from time to time on matters arising and requiring the attention of ARC;
- (m) to generally undertake such other functions and duties as may be required by statute and the Listing Manual, and by such amendments made thereto from time to time; and
- (n) reviewing the assurance from the CEO and the Group Financial Controller on the financial records and financial statements.

## **Risk**

Assist the Board in carrying out responsibilities of overseeing the Company's risk management framework and policies:

- (a) to identify, assess, monitor and manage risks associated with the operations of the Group, and examine any other matters relating to risks that are referred to it by the Board;
- (b) to build consensus among the Board members and Management on acceptable risk levels (in terms of risk likelihood and its impact) and monitor current risk levels;
- (c) to assess whether the risk management framework is appropriate and adequate;
- (d) to monitor Management accountability for risk management processes and compliance with risk policies;
- (e) to review and make recommendations to the Board in relation to risk management;
- (f) to consider, and make recommendations to the Board in connection with, the compliance by the Group with its risk management framework and policies;
- (g) to report to the Board on any material changes to the risk profile of the Group;
- (h) to monitor and refer to the Board any instances involving material breaches or potential breaches of the Group's risk management policies; and
- (i) to engage such independent professional advice as it considers necessary in fulfilling its duties.

The ARC has the explicit powers to conduct or authorise investigations into any of the abovementioned matters. The ARC has full access to and co-operation by Management and also full discretion to invite any Directors or executive officer to attend its meetings as well as reasonable resources to enable it to discharge its function properly.

The members of the ARC do not comprise former partners or Directors of the Company's existing auditing firm or auditing corporation within a period of two (2) years commencing on the date of their ceasing to be a partner of the auditing firm or Directors of the auditing corporation; and in any case, for as long as they have any financial interest in the auditing firm or auditing corporation.

## **Internal Audit**

The internal audit function was outsourced to Shanghai Xuancheng Certified Public Accountant. This firm is a comprehensive service firm registered on 20 August 2010 with approval from the Shanghai Municipal Finance Bureau. Specializing in auditing, financial, and tax advisory services, the firm has a team of over 30 staffs with 13 experienced certified public accountants and other registered tax agents. Xuancheng has provided work to a diverse clientele across various industries, offering a broad spectrum of services including financial due diligence, annual audits, special audits, internal control audit, capital verification, management consulting, and related agency services. They have also provided services to foreign enterprises, state-owned entities, government agencies, and social organizations.

# REPORT ON CORPORATE GOVERNANCE

The audit partner, Ms Qin Hong, Managing Partner of the firm, is a China Certified Public Accountant (CICPA). She has over 20 years of auditing experiences in annual accounting statement audits, capital verification, exit audits for domestic and foreign enterprises, corporate internal control process construction and testing projects.

Based on the profiles of the firm and partner, the quality of the work done, promptness of delivery, the ARC believes that the firm engaged has adequate resources to undertake the work that had been done and had properly helped the Group and the ARC to give an assessment that the internal audit functions have been adequate.

The primary line of reporting of the internal audit function is to the ARC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The ARC will ensure that the internal audit function has unfettered access to the Company's documents, and has appropriate standing within the Company.

## External Auditors

The ARC meets with the Group's external auditor and Management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group and review any change of accounting standards and issues which have a direct impact on financial statements. The ARC meets with the external auditor, without the presence of Management, at least once a year. The Company complies with SGX-ST Listing Rules 712 and 715 in relation to auditing firm.

The ARC has conducted an annual review of the volume of non-audit services, if any, to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The ARC had recommended the re-appointment of CLA Global TS PAC as the external auditors at the forthcoming AGM. The fees for both audit and non-audit services are listed below:

	CLA Global TS PAC (\$000)	Other auditor in Singapore (\$000)	Total (\$000)
Statutory audit fees for the financial year ended 31 March 2025	90	2	92
Total Non-Audit Fees	–	–	–
<b>Total</b>	<b>90</b>	<b>2</b>	<b>92</b>

## Whistleblowing Policy

The Whistle-Blowing Policy is in place within the Group and the code of Business Ethics and Conduct and Conflict of Interests declaration are in practice within the Group.

The Whistle-Blowing Policy provide a channel for employees and external parties to bring to the attention of the ARC of any misdeed or impropriety committed by the management or staff of the Company and give whistle-blower(s) assurance that they will be protected from reprisals or victimisation for any whistle blowing in good faith.

The Company shall maintain the confidentiality of the whistle-blower(s) to the fullest extent reasonably practicable within the legitimate needs of the law and any ensuing evaluation or investigation.

The ARC reviews all whistleblowing complaints (if any) to ensure independent, thorough investigation and appropriate follow-up actions.

Reports can be lodged by calling the Company at +65 6779 5688 or through the Company's website.

# REPORT ON CORPORATE GOVERNANCE

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

PRINCIPLE 11: THE COMPANY TREATS ALL SHAREHOLDERS FAIRLY AND EQUITABLY IN ORDER TO ENABLE THEM TO EXERCISE SHAREHOLDERS' RIGHTS AND HAVE THE OPPORTUNITY TO COMMUNICATE THEIR VIEWS ON MATTERS AFFECTING THE COMPANY. THE COMPANY GIVES SHAREHOLDERS A BALANCED AND UNDERSTANDABLE ASSESSMENT OF ITS PERFORMANCE, POSITION AND PROSPECTS.

### ENGAGEMENT WITH SHAREHOLDERS

PRINCIPLE 12: THE COMPANY COMMUNICATES REGULARLY WITH ITS SHAREHOLDERS AND FACILITATES THE PARTICIPATION OF SHAREHOLDERS DURING GENERAL MEETINGS AND OTHER DIALOGUES TO ALLOW SHAREHOLDERS TO COMMUNICATE THEIR VIEWS ON VARIOUS MATTERS AFFECTING THE COMPANY.

In presenting the annual financial statements and half yearly announcements to shareholders, it is the aim of the Board to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. The Management currently provides the Board with management accounts of the Group's performance and position on a quarterly basis. Such reports provide the Board with the basis to make balanced and understandable assessment of the Group's performance and financial position and enable the Board to evaluate the Group's prospects.

The Board takes steps to ensure compliance with all the Group's policies, operational practices and procedures, and relevant legislative and regulatory requirements, including requirements under the listing rules.

In line with continuous disclosure obligations of the Company and pursuant to the SGX-ST Listing Rules, the Board's policy is that shareholders are informed of all major developments that impact the Group. An investor relations policy is also in place to regularly convey pertinent information to shareholders.

The Group communicates with shareholders by providing timely updates of all material developments that may impact the Group, and changes in the Group or its business which may materially affect the price or value of the Company's shares on SGXNet. The Company's website is also continually updated with the latest information concerning the Company. By providing shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility.

Communication is also made through annual reports that are prepared and issued to all shareholders as well as half yearly announcements, notice of AGM and EGM, other announcements and press releases are issued via SGXNET. During the AGM and EGM, the Board and Management are present to address shareholders' queries. Shareholders are provided the opportunity to raise questions and express their views.

In addition, shareholders are encouraged to attend and vote at the general meetings of shareholders to ensure a high level of accountability and to stay informed of the Group's strategy and goals. Shareholders will be informed of the rules, including voting procedures that govern the general meeting at the respective meetings. They may vote in person or in absentia by way of proxies deposited, in person or by mail, at the registered address of the Company. Currently the Board has not implemented any voting methods to allow shareholders to vote by way of electronic mail or facsimile. Pursuant to Regulation 82(1) of the Company's Constitution, a shareholder may appoint not more than two proxies to attend and vote at the same general meeting. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold shares through a nominee or custodial services company, may attend and vote at each AGM.

# REPORT ON CORPORATE GOVERNANCE

The general meeting of shareholders is the principal forum for dialogue with shareholders. The Board welcomes questions from shareholders who have an opportunity to raise questions either informally or formally before or at the AGM. The notice of the general meetings of shareholders is dispatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 days before the meeting for ordinary resolutions and 21 days before the meeting for special resolutions.

In line with the Company's corporate social responsibility initiatives and environmental sustainability efforts, annual reports and circulars to shareholders will be published on the Company's corporate website i.e. <https://www.sunmoonfood.com/> and at SGXNet i.e. <https://www.sgx.com/securities/company-announcements> and available for viewing or downloading by the shareholders. Shareholders can also access financial information, corporate announcements, press releases, annual reports and profile of the Group on the Company's website at <https://www.sunmoonfood.com/>, as well as via SGXNet at <https://www.sgx.com/securities/company-announcements>

There are separate resolutions on each substantially separate issue. All Directors attend general meetings of shareholders. The Chairpersons of the ARC, NC and RC will normally be available at the shareholders' meetings to answer those questions relating to the work of these committees. The External Auditors of the Company will also normally be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report.

The Company provides for separate resolutions at general meeting on each distinct issue. All the resolutions at the general meetings are single item resolutions. Where resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting. All resolutions at general meeting are put to the vote by way of poll. Votes cast for, or against, for each resolution will be read out by the Chairman of the Meeting immediately at the meeting.

The forthcoming AGM to be held in respect of FY2024/25 ("2025 AGM"), will be convened and held physically at Dorsett Changi City, meeting room Pod 2, 3 Changi Business Park Central 1, Singapore 486037 on Tuesday, 29 July 2025. Shareholders will be able to raise questions and vote in person at the 2025 AGM. Arrangements relating to the attendance and voting at the 2025 AGM by shareholders or their duly appointed proxy(ies), are set out in the Notice of AGM and Proxy Form.

The Company Secretary prepares the minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and Management. As a matter of policy and practice, minutes of shareholders' meetings (including shareholders' comments and responses from the Board and/or Management) are always available to shareholders on request.

Beginning from our 2020 AGM, minutes of shareholders' meeting are published on the Company's website and also released via SGXNET. The Company will publish the minutes of the AGM to be held on 29 July 2025 on SGXNet and the Company's website at URL <https://www.sunmoonfood.com/> as soon as practicable.

Through the Company's website and hotline, the Company is able to gather views and/or inputs from shareholders. Subsequently, the Company will reply shareholders' concerns through email (enquiry@sunmoonfood.com) and/or phone call (67795688).

In addition to shareholders' meeting, Management aims to take steps to solicit and understand the views of the shareholders through analyst briefings, investor roadshows and/or briefings. Such meetings provide useful platforms for Management to engage with investors and analysts.

The form, frequency and amount of future dividends on the Company's shares will depend on the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may, in their absolute discretion, deem appropriate. Shareholders should note that the foregoing statements are merely statements of the Board's present intention and do not constitute a legally binding commitment by the Company in respect of the declaration and/or payment of dividends in the future. There is no assurance that dividends will be declared and/or paid in the future or as to the timing of any dividends that are to be paid in the future. No inference should or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends.

# REPORT ON CORPORATE GOVERNANCE

## MANAGING STAKEHOLDERS RELATIONSHIPS ENGAGEMENT WITH STAKEHOLDERS

PRINCIPLE 13: THE BOARD ADOPTS AN INCLUSIVE APPROACH BY CONSIDERING AND BALANCING THE NEEDS AND INTERESTS OF MATERIAL STAKEHOLDERS, AS PART OF ITS OVERALL RESPONSIBILITY TO ENSURE THAT THE BEST INTERESTS OF THE COMPANY ARE SERVED.

The Company identifies and prioritises stakeholders based on the influence, responsibility, dependency, representation and proximity that stakeholders have with the Company's businesses, which includes customers, suppliers, regulators/agents, investors and employees.

### **Customers**

The Company engages customers by carrying out adequate background checks including but not limited to whether they have healthy credit, the customer's capacity, annual turnover and total paid up capital. The Company may also conduct customer satisfaction surveys and/or feedback, and allocate staff to assist customers if the need arises. Generally, the Company's customers want more stock and more varieties of fruits and other products to fulfil demand.

### **Suppliers**

The Company carries out background checks on suppliers to ensure that their products meet the Company's "SunMoon Quality Assurance" standards which include the type, quality and safety of the products they supply. The Company is also in the process of developing sustainability and green standards for suppliers to adhere to. The Company is concerned with the cost of business, speed of delivery and the quantity and quality of delivery.

### **Authorities and/or Agents**

The Company may, as and when required, engage with the authorities and/or agents to assist them in the compliance of different regulatory, compliance and licensing/certification requirements across different borders. Effective engagement with the authorities and/or agents can reduce any delays or costs caused by licensing, importing or any other issues that may arise.

### **Investors**

The Company understands that investors are concerned with the economic performance of the Company. As such, the Company is committed to disclose relevant and material information to its shareholders, the investment community and the public in a timely, accurate and transparent manner, in accordance with the SGX-ST Listing Rules and the Code. The Company's disclosures are made public through SGXNet and on the Company's corporate website at [www.summoonfood.com](http://www.summoonfood.com). The Company regularly communicates through nominated spokesperson(s) to ensure consistency in messaging, addressing concerns and queries as well as managing the expectations of shareholders and the investment community. The Company also regularly engages with shareholders, potential investors, and/or the media through the AGM and EGM, conference calls, analyst briefings, media interviews and luncheons, Annual Reports, Press Releases and announcements on SGXNet.

### **Employees**

The Company's employees go through regular feedback and appraisals and have ample opportunity to develop their skills and competencies. Employees also have the opportunity to take on greater roles and responsibilities. The Company's employees would like better incentives and performance bonuses as well as better work life balance.

### **Corporate Website**

The Company maintains a corporate website at [www.summoonfood.com](http://www.summoonfood.com) to communicate and engage with the various stakeholders.

# REPORT ON CORPORATE GOVERNANCE

## OTHERS

### Dealing In Securities

The Company has adopted internal codes pursuant to the SGX-ST Listing Rules applicable to all its officers in relation to dealings in the Company's securities. Its officers are not allowed to deal in the Company's shares during the period commencing two weeks before the announcements of its half-year and full year results the Company's financial results for each of the first three quarters of the financial year, and during the period commencing one month before the announcement of the financial results for the financial year, and ending on the date of announcement of the relevant results.

### Interested Person Transaction

To ensure that interested person transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders, the Company has adopted an internal policy in respect of any transactions with interested persons and the Company has in place procedures for review and approvals for the interested person transactions under the IPT General Mandate.

## INTERESTED PERSON TRANSACTIONS DISCLOSURES

The aggregate value of interested person transactions entered into during the financial year ended 31 March 2025 is as follows:–

Name of interested person	Nature of relationship	Aggregate value of all interested Person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual) (In S\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (In S\$'000)	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)* (In S\$'000)
Shanghai Yiguo E-Commerce Co. Ltd and its related entities	Controlling Shareholder			
	Sales to	–	–	97
	Purchases from	–	–	(8)
	Service provided	–	–	48

\* For clarity, as many of the interested person transactions fall below \$100,000, therefore the disclosures include individual transaction that are below \$100,000 in value.

## MATERIAL CONTRACT

Saved as disclosed above in the section entitled "Interested Person Transactions" and in the financial statements of the Company, there were no material contracts of the Group involving the interest of the CEO, Directors or controlling shareholders subsisting at the end of FY2024/25 or have been entered into since the end of the previous financial year.