

ADDENDUM DATED 14 SEPTEMBER 2021

THIS ADDENDUM TO THE ANNUAL REPORT 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 Annual 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.

This Addendum is circulated to Shareholders of SunMoon Food Company Limited (the “**Company**”) together with the Company’s Annual Report 2021. Its purpose is to explain to Shareholders the rationale and provide information to the Shareholders for the proposed renewal of the Share Buyback Mandate to be tabled at the Annual General Meeting to be held by way of electronic means, on 29 September 2021 at 2:00 p.m. The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report. 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 Addendum. The approval-in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Company and/or its subsidiaries.

The legal advisers appointed by the Company for the purpose of the corporate actions set out in this Addendum is David Lim & Partners LLP.

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



ADDENDUM TO SHAREHOLDERS

in relation to

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

CONTENTS

	Page
DEFINITIONS	2
1. INTRODUCTION	7
2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE	8
3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	32
4. DIRECTORS' RECOMMENDATION	33
5. ANNUAL GENERAL MEETING	34
6. ACTION TO BE TAKEN BY SHAREHOLDERS	34
7. DIRECTORS' RESPONSIBILITY STATEMENT	35
8. DOCUMENTS AVAILABLE FOR INSPECTION	35

DEFINITIONS

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

- “2020 AGM”** : Has the same meaning as ascribed to it in Section 2.1 of this Addendum
- “2021 AGM”** : The annual general meeting of the Company to be held by way of electronic means on 29 September 2021
- “Addendum”** : This Addendum to Shareholders dated 14 September 2021
- “Board”** : The board of Directors of the Company as at the date of this Addendum
- “CDP”** : The Central Depository (Pte) Limited
- “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)

DEFINITIONS

“EPS”	:	Earnings per share
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	8 September 2021, being the latest practicable date prior to the printing of this Addendum
“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 Addendum
“NTA”	:	Net tangible assets
“Off-Market Purchase”	:	Has the meaning ascribed to it in Section 2.3.3 of this Addendum
“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 Addendum
“Rule 14”	:	Has the meaning ascribed to it in Section 2.11.1 of this Addendum

DEFINITIONS

“Securities Account”	:	A securities account maintained by a Depositor with the CDP but not including a securities sub-account maintained with a Depository Agent
“SFA”	:	The Securities and Futures Act (Cap 289) of Singapore, as may be amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares in the Register of Members, or where the registered holder is the CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by the CDP whose Securities Accounts are credited with those Shares
“Shares”	:	Ordinary shares in the issued share capital of the Company
“Share Buyback Mandate”	:	The share buyback general mandate to authorise the Directors to exercise all the powers of the Company to purchase or otherwise acquire the issued Shares in the capital of the Company upon and subject to the terms of such mandate

DEFINITIONS

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

The expressions “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**subsidiary**” has the meaning ascribed to it in Section 5 of the Companies Act.

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

Any reference in this Addendum 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 Addendum 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 Addendum shall be a reference to Singapore time, unless otherwise stated.

DEFINITIONS

Any discrepancies in the tables included in this Addendum 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.

SUNMOON FOOD COMPANY LIMITED

(Incorporated in the Republic of Singapore on 29 September 1983)

(Company Registration Number: 198304656K)

Directors:

Mr James Prideaux
(Non-Executive Chairman and Lead
Independent Director)
Mr Gary Loh Hock Chuan
(Deputy Chairman and Non-Executive
Director)
Mr Zhang Ye (Executive Director and Chief
Executive Officer)
Mr Cen Jian (Executive Director)
Mr Xue Yuning (Non-independent and
Non-Executive Director)
Mr Jin Guanglei (Non-Independent and
Non-Executive Director)
Ms Ng Bie Tjin @Djuniarti Intan (Independent
Director)
Mr Yang Guang (Independent Director)

Registered Office:

1 Scotts Road
#21-07/08/09, Shaw Centre
Singapore 228202

Date: 14 September 2021

To: The Shareholders of SunMoon Food Company Limited

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

1. INTRODUCTION

1.1 The Directors wish to seek Shareholders' approval for the renewal of the Share Buyback Mandate, the details of which are set out in Section 2 of this Addendum.

1.2 Addendum

The purpose of this Addendum is to provide Shareholders with information in respect of the renewal of the Share Buyback Mandate, and to seek approval of Shareholders at the 2021 AGM (to be held by way of electronic means) for the matters set out in the Notice of AGM.

1.3 SGX-ST

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

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 Introduction

At the annual general meeting of the Company held on 29 September 2020 ("**2020 AGM**"), Shareholders had approved the Share Buyback Mandate to enable the Company to purchase or otherwise acquire the Shares. The Share Buyback Mandate will expire on the date of the forthcoming annual general meeting of the Company, scheduled to be held on 29 September 2021.

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 2021 AGM for the renewal of the Share Buyback Mandate. If approved, the Share Buyback Mandate will take effect from the date of the 2021 AGM 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

buyback are carried out to the full extent mandated or the Share Buyback Mandate is revoked or varied by the Company in a general meeting. The 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 renewal of the 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 renewal of the 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 renewal of the Share Buyback Mandate will also give the Company the opportunity to purchase or acquire Shares when such Shares are under-valued, to help mitigate short-term market volatility and to offset the effects of short-term speculation;
- (v) share buybacks may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the EPS; and
- (vi) share buybacks through the Unit Share Market with the view of reducing odd lots held by Shareholders which will help improve Company's share structure (in terms of reducing odd lots which are generally illiquid).

If and when circumstances permit, the Directors will decide whether to effect the purchase or acquisition of Shares via Market Purchase and/or Off-Market Purchase, after taking into account the relevant factors such

as the financial resources available, the prevailing market conditions, and the cost and timing involved.

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

2.3 Terms of the renewal of the Share Buyback Mandate

The authority and limitations, if approved at the forthcoming 2021 AGM, 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 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 2021 AGM at which the 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 6,362,798 treasury shares and no subsidiary holdings.

For illustration purposes only, based on 778,272,573 Shares, being the total number of Shares in issue (excluding treasury shares of 6,362,798) as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the 2021 AGM, not more than 77,827,257 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 Share Buyback Mandate

“**Relevant Period**” means the period commencing from the date on which the ordinary resolution in relation to the renewal of the Share Buyback Mandate is passed in a general meeting and expiring on the earliest of (i) the date on which the next annual general meeting is or is required by law to be held; (ii) the date on which the share buybacks are carried out to the full extent mandated, or (iii) the date the said share buyback mandate is revoked or varied by the Shareholders in a general meeting.

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 2021 AGM (at which the renewal of the Share Buyback Mandate is approved) up to:–

- (a) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (b) the date on which Share purchases have been carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the 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 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;
- (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 during the relevant (5) Market Days and the day on which the Market Purchase was made; 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.

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 784,635,371. The Company has 6,362,798 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 2021 AGM. As such, the Company may pursuant to the purchase or acquisition of shares under the Share Buyback Mandate, hold up to an additional 72,100,739 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;
- (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 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 2022 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; and
- (c) the value of the company’s assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

2.7 Financial Impact

2.7.1 The financial impact on the Company and the Group arising from the purchase or acquisition of Shares which may be made pursuant to the 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 renewal of the 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 Shares purchased or acquired by the Company are cancelled, the Company shall:

- (i) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (ii) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company;
or
- (iii) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled.

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

As at the Latest Practicable Date, the Company has 784,635,371 Shares in issue, of which, 6,362,798 are held as treasury shares.

Purely for illustrative purposes, on the basis of 784,635,371 Shares as at the Latest Practicable Date and disregarding the 6,362,798 treasury shares held as at the Latest Practicable Date, assuming that (i) no further Shares are issued on or prior

to the 2021 AGM, (ii) no further Shares are purchased and held as treasury shares, not more than 77,827,257 Shares may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

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 77,827,257 Shares at the Maximum Price of S\$0.0326 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 77,827,257 Shares (excluding ancillary expenses such as related brokerage, commissions, goods and services tax, stamp duties and clearance fees) is approximately S\$2,533,000.

In the case of Off-Market Purchase by the Company and assuming that the Company purchases or acquires 77,827,257 Shares at the Maximum Price of S\$0.0372 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 77,827,257 Shares (excluding ancillary expenses such as related brokerage, commissions, goods and services tax, stamp duties and clearance fees) is approximately S\$2,895,000.

2.7.5 Illustrative financial effects

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

- (i) the purchase or acquisition of Shares took place at the beginning of the financial year on 1 April 2021;
- (ii) the purchase or acquisition of Shares was financed by internal sources of funds of the Company; and
- (iii) the transaction costs incurred for the purchase or acquisition of Shares pursuant to the 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,

are based on the audited consolidated financial statements of the Group and the Company for the financial year ended 31 March 2021 and are not necessarily representative of the future financial performance of the Group.

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

31 March 2021	GROUP			COMPANY		
	Before Share buyback	After Share buyback assuming Market Purchase	After Share buyback assuming Off-Market Purchase	Before Share buyback	After Share buyback assuming Market Purchase	After Share buyback assuming Off-Market Purchase
Share capital (S\$'000)	141,887	141,887	141,887	141,887	141,887	141,887
Shareholders' funds (S\$'000)	8,722	6,189	5,827	8,888	6,355	5,993
NTA (S\$'000)	8,722	6,189	5,827	8,888	6,355	5,993
Current Assets (S\$'000)	16,799	14,266	13,904	56	–	–
Current Liabilities (S\$'000)	8,164	8,164	8,164	75	75	75
Working Capital (S\$'000)	8,635	6,102	5,740	(19)	(75)	(75)
Total Borrowings (S\$'000)	793	793	793	–	–	–
Cash and cash equivalents (S\$'000)	1,153	(1,380)	(1,742)	33	–	–
Profit/(Loss) after tax from continuing operation and minority interest (S\$'000)	906	906	906	1,713	1,713	1,713
Number of Shares including Treasury Shares ('000)	784,635	784,635	784,635	784,635	784,635	784,635
Weighted average number of ordinary shares applicable to basic earnings per share ('000)	778,273	778,273	778,273	778,273	778,273	778,273
Treasury Shares ⁽¹⁾ ('000)	6,363	77,828	6,363	77,828	6,363	77,828
Financial Ratios						
NTA per Share (cents)	1.12	0.88	0.82	1.14	0.90	0/85
EPS (cents)	0.12	0.12	0.12	0.22	0.22	0.22
Net Gearing (times)	47.22%	62.55%	64.74%	-0.16%	1.17%	1.24%
Current Ratio (times)	2.06	1.75	1.70	0.75	Not meaningful	Not meaningful

Note:

(1) Assuming the Company will cancel the existing treasury shares in excess of the maximum limit.

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

31 March 2021

	GROUP			COMPANY		
	Before Share buyback	After Share buyback assuming Market Purchase	After Share buyback assuming Off-Market Purchase	Before Share buyback	After Share buyback assuming Market Purchase	After Share buyback assuming Off-Market Purchase
Share capital (S\$'000)	141,887	139,354	138,992	141,887	139,354	138,992
Shareholders' funds (S\$'000)	8,722	6,189	5,827	8,888	6,355	5,993
NTA (S\$'000)	8,722	6,189	5,827	8,888	6,355	5,993
Current Assets (S\$'000)	16,799	14,266	13,904	56	–	–
Current Liabilities (S\$'000)	8,164	8,164	8,164	75	75	75
Working Capital (S\$'000)	8,635	6,102	5,740	(19)	(75)	(75)
Total Borrowings (S\$'000)	793	793	793	–	–	–
Cash and cash equivalents (S\$'000)	1,153	(1,380)	(1,742)	33	–	–
Profit/(Loss) after tax from continuing operation and minority interest (S\$'000)	906	906	906	1,713	1,713	1,713
Number of Shares including Treasury Shares ('000)	784,635	700,445	700,445	784,635	700,445	700,445
Weighted average number of ordinary shares applicable to basic earnings per share ('000)	778,273	694,082	694,082	778,273	694,082	694,082
Treasury Shares ⁽¹⁾ ('000)	6,363	–	–	6,363	–	–
Financial Ratios						
NTA per Share (cents)	1.12	0.88	0.83	1.14	0.91	0.86
EPS (cents)	0.12	0.13	0.13	0.22	0.25	0.25
Net Gearing (times)	47.22%	62.55%	64.74%	-0.16%	1.17%	1.24%
Current Ratio (times)	2.06	1.75	1.70	0.75	Not meaningful	Not meaningful

Note:

(1) Assuming the Company cancels all existing treasury shares.

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

31 March 2021

	GROUP			COMPANY		
	Before Share buyback	After Share buyback assuming Market Purchase	After Share buyback assuming Off-Market Purchase	Before Share buyback	After Share buyback assuming Market Purchase	After Share buyback assuming Off-Market Purchase
Share capital (S\$'000)	141,887	141,887	141,887	141,887	141,887	139,508
Shareholders' funds (S\$'000)	8,722	6,189	5,827	8,888	6,355	5,993
NTA (S\$'000)	8,722	6,189	5,827	8,888	6,355	5,993
Current Assets (S\$'000)	16,799	14,266	13,904	56	–	–
Current Liabilities (S\$'000)	8,164	8,164	8,164	75	75	75
Working Capital (S\$'000)	8,635	6,102	5,740	(19)	(75)	(75)
Total Borrowings (S\$'000)	793	793	793	–	–	–
Cash and cash equivalents (S\$'000)	1,153	(1,380)	(1,742)	33	–	–
Profit/(Loss) after tax from continuing operation and minority interest (S\$'000)	906	906	906	1,713	1,713	1,713
Number of Shares including Treasury Shares ('000)	784,635	784,635	784,635	784,635	784,635	784,635
Weighted average number of ordinary shares applicable to basic earnings per share ('000)	717,078	717,078	717,078	717,078	717,078	717,078
Treasury Shares ⁽¹⁾ ('000)	6,363	77,827	77,827	6,363	77,827	77,827
Financial Ratios						
NTA per Share (cents)	1.12	0.88	0.82	1.14	0.90	0.85
EPS (cents)	0.13	0.13	0.13	0.24	0.24	0.24
Net Gearing (times)	47.22%	62.55%	64.74%	-0.16%	1.17%	1.24%
Current Ratio (times)	2.06	1.75	1.70	0.75	Not meaningful	Not meaningful

Note:

(1) Assuming the Company will cancel the existing treasury shares in excess of the maximum limit.

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

31 March 2021

	GROUP			COMPANY		
	Before Share buyback	After Share buyback assuming Market Purchase	After Share buyback assuming Off-Market Purchase	Before Share buyback	After Share buyback assuming Market Purchase	After Share buyback assuming Off-Market Purchase
Share capital (S\$'000)	141,887	141,887	141,887	141,887	141,887	141,887
Shareholders' funds (S\$'000)	8,722	6,189	5,827	8,888	6,355	5,993
NTA (S\$'000)	8,722	6,189	5,827	8,888	6,355	5,993
Current Assets (S\$'000)	16,799	14,266	13,904	56	–	–
Current Liabilities (S\$'000)	8,164	8,164	8,164	75	75	75
Working Capital (S\$'000)	8,635	6,102	5,740	(19)	(75)	(75)
Total Borrowings (S\$'000)	793	793	793	–	–	–
Cash and cash equivalents (S\$'000)	1,153	(1,380)	(1,742)	33	–	–
Profit/(Loss) after tax from continuing operation and minority interest (S\$'000)	906	906	906	1,713	1,713	1,713
Number of Shares including Treasury Shares ('000)	784,635	700,445	700,445	784,635	700,445	700,445
Weighted average number of ordinary shares applicable to basic earnings per share ('000)	778,273	694,082	694,082	778,273	694,082	694,082
Treasury Shares ⁽¹⁾ ('000)	6,363	–	–	6,363	–	–
Financial Ratios						
NTA per Share (cents)	1.12	0.88	0.83	1.14	0.91	0.86
EPS (cents)	0.12	0.13	0.13	0.22	0.25	0.25
Net Gearing (times)	47.22%	62.55%	64.74%	-0.16%	1.17%	1.24%
Current Ratio (times)	2.06	1.75	1.70	0.75	Not meaningful	Not meaningful

Note:

(1) Assuming the Company cancels all existing treasury shares.

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

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

Shareholders should note that the financial effects illustrated above are for illustration purposes only. In particular, it is important to note that the above analysis is based on the audited consolidated financial statements of the Group and the Company for the financial year ended 31 March 2021 and is not necessarily representative of the future financial performance of the Group.

Although the proposed renewal of the Share Buyback Mandate would authorise the Company to buy back up to 10% of the Company's issued Shares (excluding treasury shares and subsidiary holdings), 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 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 Share Buyback Mandate will only be exercised in the best interests of the Company, for example, to enhance the earnings per Share 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.

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, number of shares cancelled, number of shares held as treasury shares, 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 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 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 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 32% of the total number of issued Shares are held by the public. In the event that the Company should, pursuant to the Share Buyback Mandate, purchase or acquire its Shares up to the full 10% limit, about 22% 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 renewal of the Share Buyback Mandate without affecting the listing status of the Shares of the Company on the SGX-ST. The Directors will at all times ensure that when purchasing any Shares pursuant to the 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

In the 12 months preceding the Latest Practicable Date, the Company had purchased 0 Shares by way of Market Purchases or Off-Market Purchases pursuant to the Share Buyback Mandate granted at the 2020 AGM.

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;

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

Based on the shareholdings of the Directors and Substantial Shareholders of the Company as at the Latest Practicable Date, the renewal of the 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. 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⁾
James Prideaux	–	–	–	–	–	–
Gary Loh Hock Chuan	–	–	59,712,722	7.67	59,712,722	7.67
Zhang Ye	–	–	–	–	–	–
Cen Jian	–	–	–	–	–	–
Xue Yuning	–	–	–	–	–	–
Jin Guanglei	–	–	–	–	–	–
Ng Bie Tjin @Djuniarti Intan	120,000	0.015	–	–	120,000	0.015
Yang Guang	–	–	–	–	–	–

Note:

- (1) The percentage of issued share capital is calculated based on the current issued share capital of 778,272,573 Shares (excluding treasury shares of 6,362,798) as at the Latest Practicable Date.

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.	465,850,989	59.86	–	–	465,850,989	59.86
First Alverstone Capital Ltd	59,712,722	7.67	–	–	59,712,722	7.67
Selena Cheng Koh Min ⁽²⁾	–	–	59,712,722	7.67	59,712,722	7.67
Gary Loh Hock Chuan ⁽³⁾	–	–	59,712,722	7.67	59,712,722	7.67

Notes:

- (1) The percentage of issued share capital is calculated based on the current issued share capital of 778,272,573 Shares (excluding treasury shares of 6,362,798) as at the Latest Practicable Date.
- (2) Selena Cheng Koh Min is deemed interested in 59,712,722 Shares held by her spouse, Gary Loh Hock Chuan.
- (3) Gary Loh Hock Chuan is deemed to have an interest in the 59,712,722 Shares held by First Alverstone Capital Ltd by virtue of Section 7 of the Companies Act.

4. DIRECTORS' RECOMMENDATION

Proposed renewal of the Share Buyback Mandate. The Directors having fully considered, *inter alia*, the terms and rationale of the renewal of the Share Buyback Mandate as set out in this Addendum, are of the opinion that the renewal of the 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 renewal of the Share Buyback Mandate at the 2021 AGM.

5. ANNUAL GENERAL MEETING

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the 2021 AGM will be held by way of electronic means, on 29 September 2021 at 2:00 p.m. (Singapore time) for the purpose of considering and, if thought fit, passing with or without modifications the Ordinary Resolutions set out therein.

Printed copies of the Notice of AGM, this Addendum and the Proxy Form will not be sent to Shareholders. Instead, the Notice of AGM, this Addendum and the Proxy Form may be accessed at the Company's website at <https://sunmoonfood.listedcompany.com>. The Notice of AGM, this Addendum and the Proxy Form are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders are to note that due to the current COVID-19 restriction orders in Singapore, Shareholders will **NOT** be able to attend the AGM in person.

Alternative Arrangements

Alternative arrangements have been made by the Company to allow Shareholders to participate at the AGM via electronic means.

Such alternative arrangements include, arrangements by which the meeting can be electronically accessed via live audio-visual webcast or audio-only stream only, submission of questions to the Chairman of the Meeting in advance of the 2021 AGM, addressing of substantial and relevant questions at the 2021 AGM and voting by appointing the Chairman of the Meeting as proxy at the 2021 AGM, are set out in the accompanying Company's announcement dated 14 September 2021. This announcement may be accessed at the Company's website at <https://sunmoonfood.listedcompany.com> or SGX's website at <https://www.sgx.com/securities/company-announcements>.

Shareholders should refer to the Company's announcement dated 14 September 2021, which has been published together with this Addendum and uploaded on SGXNET, for further information, including the steps to be taken by the Shareholders to participate at the 2021 AGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

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

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 1 Scotts Road, #21-07/08/09 Shaw Centre, Singapore 228208 during normal business hours on any weekday (public holidays excepted) from the date of this Addendum up to and including the date of the 2021 AGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report for the year ended 31 March 2021.

Yours faithfully

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

Mr James Prideaux
Chairman