

SUNMOON FOOD COMPANY LIMITED
(Incorporated in Singapore)
(the “Company”)
Company Registration No. 198304656K

MINUTES OF ANNUAL GENERAL MEETING (“AGM”)

DATE	:	Monday, 31 July 2023
TIME	:	2.00 p.m.
VENUE	:	East Meeting Room in Park Avenue Convention Centre, 4 Changi Business Park Avenue 1, Singapore 486016
PRESENT	:	As set out in the attendance records maintained by the Company
IN ATTENDANCE	:	As set out in the attendance records maintained by the Company
CHAIRPERSON	:	Ms Ng Bie Tjin @Djuniarti Intan

CHAIRMAN

1. Due to personal reason, Mr James Prideaux, the Chairman of the Board was not able to attend the AGM in person. Ms Ng Bie Tjin @Djuniarti Intan has been appointed by the members of the Board to act as the Chairperson for the AGM in place of Mr James Prideaux.

QUORUM

2. The Chairperson after ascertaining that a quorum was present, called the meeting to order and extended a warm welcome to all the shareholders present at the AGM.

NOTICE OF AGM

3. With the consent of the meeting, the Notice of AGM dated 12 July 2023 was taken as read.

VOTING BY POLL

4. Shareholders were informed that this year’s AGM was held physically and motions tabled at the Meeting were voted by way of a manual poll in accordance with the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rules.
5. The Chairperson added that all resolutions tabled at the AGM would be voted by way of poll. The Company had appointed Complete Corporate Services Pte. Ltd. as scrutineer and B.A.C.S. Private Limited as polling agent for the poll at the AGM.
6. The validity of the proxy forms submitted by the shareholders by the cut-off date on 28 July 2023 at 2.00 p.m. and the votes of such valid proxies had been verified.
7. To ensure a systematic and smooth conduct of the AGM, all the proposed resolutions were put aside for polling purpose towards the final stage of the AGM, after all proposed resolutions have been deliberated on and queries answered by our the Company’s Directors and Management.

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QUESTIONS AND ANSWERS

8. The Chairperson informed that the Company had received questions prior to the AGM and the Company had prepared a summary of the responses (“Summary”). A copy of the Summary is annexed hereto and marked as **Appendix 1**.
9. A summary of the questions raised by shareholders at the AGM and the responses from the Company is annexed hereto and marked as **Appendix 2**.

AGM/2023/01 **RESOLUTION NO. 1: ADOPTION OF DIRECTORS’ STATEMENT, AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 AND THE AUDITOR’S REPORT**

10. The following resolution was duly proposed by Mr Lee Mun Seng and seconded by Mr Yuen Pei Lur, Perry.
11. “That the Directors’ Statement and Audited Financial Statements of the Company and the Group for the year ended 31 March 2023 as tabled together with the Auditor’s Report thereon be and are hereby received and adopted.”

AGM/2023/02 **RESOLUTION NO. 2: APPROVAL OF DIRECTORS’ FEES OF S\$147,187.00**

12. The following resolution was duly proposed by Mr Lee Mun Seng and seconded by Mr Zhang Ye. It was noted that Ms Ng Bie Tjin @ Djuniarti Intan and Mr Yuen Pei Lur, Perry had abstained from voting on this resolution.
13. “That the payment of Directors’ Fees amounting to S\$147,187.00 for the financial year ended 31 March 2023 be and is hereby approved.”

AGM/2023/03 **RESOLUTION NO. 3: RE-ELECTION OF MR JAMES PRIDEAUX AS DIRECTOR RETIRING UNDER REGULATION 104**

14. The following resolution was duly proposed by Mr Lee Mun Seng and seconded by Mr Woo Chung Toh.
15. “That Mr James Prideaux who retires by rotation in accordance with Regulation 104 of the Company’s Constitution be re-elected as a Director of the Company.”

AGM/2023/04 **RESOLUTION NO. 4: RE-ELECTION OF MR CEN JIAN AS DIRECTOR RETIRING UNDER REGULATION 104**

16. The following resolution was duly proposed by Mr Woo Chung Toh and seconded by Mr Lee Mun Seng.
17. “That Mr Cen Jian who retires by rotation in accordance with Regulation 104 of the Company’s Constitution be re-elected as a Director of the Company.”

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AGM/2023/05 **RESOLUTION NO. 5: RE-ELECTION OF MR YUEN PEI LUR, PERRY AS DIRECTOR RETIRING UNDER REGULATION 108**

18. The following resolution was duly proposed by Mr Woo Chung Toh and seconded by Mr Lee Mun Seng. It was noted that Mr Yuen Pei Lur, Perry had abstained from voting on this resolution.
19. “That Mr Yuen Pei Lur, Perry who retires by rotation in accordance with Regulation 108 of the Company’s Constitution be re-elected as a Director of the Company.”

AGM/2023/06 **RESOLUTION NO. 6: RE-ELECTION OF MR WANG BO AS DIRECTOR RETIRING UNDER REGULATION 108**

20. The following resolution was duly proposed by Mr Woo Chung Toh and seconded by Mr Lee Mun Seng.
21. “That Mr Wang Bo who retires by rotation in accordance with Regulation 108 of the Company’s Constitution be re-elected as a Director of the Company.”

AGM/2023/07 **RESOLUTION NO. 7: RE-ELECTION OF MS LIU YUANYUAN AS DIRECTOR RETIRING UNDER REGULATION 108**

22. The following resolution was duly proposed by Mr Woo Chung Toh and seconded by Mr Lee Mun Seng.
23. “That Ms Liu YuanYuan who retires by rotation in accordance with Regulation 108 of the Company’s Constitution be re-elected as a Director of the Company.”

AGM/2023/08 **RESOLUTION NO. 8: RE-ELECTION OF MR SONG XIAOJUN AS DIRECTOR RETIRING UNDER REGULATION 108**

24. The following resolution was duly proposed by Mr Woo Chung Toh and seconded by Mr Lee Mun Seng.
25. “That Mr Song XiaoJun who retires by rotation in accordance with Regulation 108 of the Company’s Constitution be re-elected as a Director of the Company.”

AGM/2023/09 **RESOLUTION NO. 9: RE-APPOINTMENT OF CLA GLOBAL TS PUBLIC ACCOUNTING CORPORATION AS AUDITOR**

26. The following resolution was duly proposed by Mr Woo Chung Toh and seconded by Mr Lee Mun Seng. It was noted that CLA Global TS Public Accounting Corporation had expressed their willingness to be re-appointed as the Company’s Auditor.
27. “That CLA Global TS Public Accounting Corporation be and are hereby re-appointed as the Auditor of the Company and the Directors be hereby authorized to fix the remuneration of the Auditor.”

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AGM/2023/10 **RESOLUTION NO. 10: AUTHORITY TO ALLOT AND ISSUE SHARES**

28. The following resolution was duly proposed by Mr Woo Chung Toh and seconded by Mr Lee Mun Seng.

29. “That pursuant to Section 161 of the Companies Act 1967 (“Companies Act”), authority be given to the Directors of the Company to:

- (a) (i) issue shares of the Company (“Shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

Provided that:

- (a) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the Company;
- (b) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (“SGX-ST”)) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) as at the date of the passing of this Resolution, after adjusting for:
 - (i) new shares arising from the conversion or exercise of convertible securities;
 - (ii) new shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and

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- (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Company’s Constitution; and
- (d) and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company’s next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities.

AGM/2023/11 RESOLUTION NO. 11: APPROVAL ON THE PROPOSED SHARE BUYBACK MANDATE

30. The following resolution was duly proposed by Mr Woo Chung Toh and seconded by Mr Lee Mun Seng.

31. “That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company not exceeding in aggregate the Maximum Limit (as hereafter defined), at such prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:–
 - (i) market purchase(s) (each a “Market Purchase”) on the SGX-ST; and/or
 - (ii) off-market purchase(s) (each an “Off-Market Purchase”) effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and the Listing Manual of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “Share Buyback Mandate”);

- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;
- (c) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time

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during the period commencing from the passing of this resolution and expiring on the earliest of:–

- (i) the date on which the next annual general meeting of the Company is held or is required by law to be held;
 - (ii) the date on which the share buybacks are carried out to the full extent mandated; or
 - (iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked;
- (d) in this resolution:

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

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

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

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

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

- (i) in the case of a Market Purchase, one hundred and five per centum (105%) of the Average Closing Price; or
- (ii) in the case of an Off-Market Purchase, one hundred twenty per centum (120%) of the Average Closing Price,

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

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

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

AGM/2023/12 **RESOLUTION NO. 12: APPROVAL ON THE PROPOSED RENEWAL OF THE EXPANDED INTERESTED PERSON TRANSACTION GENERAL MANDATE**

32. The following resolution was duly proposed by Mr Woo Chung Toh and seconded by Mr Lee Mun Seng.

33. The Chairperson informed that Sunmoon Global Pte. Ltd. had abstained from voting and undertook to ensure that their associates also has abstained from voting on the resolution approving interested person transactions involving themselves and the Group.

34. “That:

- (a) approval be and is hereby given for the Company, its subsidiaries and associated companies (if any) which fall within the definition of “entities at risk” under Chapter 9 of the Listing Manual or any of them to enter into any transaction falling within the categories of interested person transactions set out in the Addendum, with any party who is of the class or classes of interested persons described in the Addendum To Shareholders (“Addendum”), provided that such transaction is made on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders, and is entered into in accordance with the review procedures for interested person transactions as set out in the Addendum (such Shareholders’ general mandate hereinafter called the “**IPT Mandate**”);
- (b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier;
- (c) the Audit and Risk Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual, which may be prescribed by the SGX-ST from time to time; and

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- (d) the Directors of the Company and each of them be and are hereby authorised, empowered to complete and do and execute all such things and acts as they or he may consider necessary or appropriate to give effect to these resolutions and the IPT Mandate, with such modifications thereto (if any) as they or he may think fit in the interests of the Company."

RESULTS OF THE POLL

The poll voting results which were duly certified by the Scrutineer are as follow:

As Ordinary Business

35. **Resolution 1 - Adoption of Directors' Statement, Audited Financial Statements for the financial year ended 31 March 2023 and the Auditor's Report**

For		Against	
Total Votes	Percentage of Total Votes	Total Votes	Percentage of Total Votes
592,292,159	99.98	106,500	0.02

Based on the above results, the Chairperson declared Resolution 1 carried.

36. **Resolution 2 - Approval of Directors' Fees of S\$147,187.00 for the financial year ended 31 March 2023**

For		Against	
Total Votes	Percentage of Total Votes	Total Votes	Percentage of Total Votes
592,152,289	99.98	106,500	0.02

Based on the above results, the Chairperson declared Resolution 2 carried.

37. **Resolution 3 - Re-election of Mr James Prideaux as Director retiring under Regulation 104 of the Company's Constitution**

For		Against	
Total Votes	Percentage of Total Votes	Total Votes	Percentage of Total Votes
592,292,159	99.98	106,500	0.02

Based on the above results, the Chairperson declared Resolution 3 carried.

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38. **Resolution 4 - Re-election of Mr Cen Jian as Director retiring under Regulation 104 of the Company’s Constitution**

For		Against	
Total Votes	Percentage of Total Votes	Total Votes	Percentage of Total Votes
592,292,159	99.98	106,500	0.02

Based on the above results, the Chairperson declared Resolution 4 carried.

39. **Resolution 5 - Re-election of Mr Yuen Pei Lur, Perry as Director retiring under Regulation 108 of the Company’s Constitution**

For		Against	
Total Votes	Percentage of Total Votes	Total Votes	Percentage of Total Votes
592,272,289	99.98	106,500	0.02

Based on the above results, the Chairperson declared Resolution 5 carried.

40. **Resolution 6 - Re-election of Mr Wang Bo as Director retiring under Regulation 108 of the Company’s Constitution**

For		Against	
Total Votes	Percentage of Total Votes	Total Votes	Percentage of Total Votes
592,292,159	99.98	106,500	0.02

Based on the above results, the Chairperson declared Resolution 6 carried.

41. **Resolution 7 - Re-election of Ms Liu YuanYuan as Director retiring under Regulation 108 of the Company’s Constitution**

For		Against	
Total Votes	Percentage of Total Votes	Total Votes	Percentage of Total Votes
592,292,159	99.98	106,500	0.02

Based on the above results, the Chairperson declared Resolution 7 carried.

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42. **Resolution 8 - Re-election of Mr Song XiaoJun as Director retiring under Regulation 108 of the Company’s Constitution**

For		Against	
Total Votes	Percentage of Total Votes	Total Votes	Percentage of Total Votes
592,292,159	99.98	106,500	0.02

Based on the above results, the Chairperson declared Resolution 8 carried.

43. **Resolution 9 - Re-appointment of CLA Global TS Public Accounting Corporation as independent auditor of the Company and to authorise the Directors to fix its remuneration**

For		Against	
Total Votes	Percentage of Total Votes	Total Votes	Percentage of Total Votes
592,292,159	99.98	106,500	0.02

Based on the above results, the Chairperson declared Resolution 9 carried.

As Special Business

44. **Resolution 10 - Authority to allot and issue shares**

For		Against	
Total Votes	Percentage of Total Votes	Total Votes	Percentage of Total Votes
591,292,159	99.81	1,106,500	0.19

Based on the above results, the Chairperson declared Resolution 10 carried.

45. **Resolution 11 - Approval on the Proposed Renewal of the Share Buyback Mandate**

For		Against	
Total Votes	Percentage of Total Votes	Total Votes	Percentage of Total Votes
592,292,159	99.98	106,500	0.02

Based on the above results, the Chairperson declared Resolution 11 carried.

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46. **Resolution 12 - Approval on the Proposed Renewal of the Expanded Interested Person Transaction General Mandate**

For		Against	
Total Votes	Percentage of Total Votes	Total Votes	Percentage of Total Votes
125,441,170	99.13	1,106,500	0.87

Based on the above results, the Chairperson declared Resolution 12 carried.

ANY OTHER BUSINESS AND CONCLUSION OF MEETING

47. The Chairperson noted that no notice of any other business has been received and thanked everyone for their attendance.

C O N F I R M E D

NG BIE TJIN @DJUNIARTI INTAN
CHAIRPERSON

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Appendix 1

**Questions Received By The Company Prior To The Annual General Meeting and
the Company’s Responses**

Question 1

When will the company return back to profitability? Please detail.

Response 1

Despite challenges in the markets covered by the Group, the management has devised various strategies to increase the Group revenue for FY2024. The Board will inform shareholders through announcements on the SGXNet at the appropriate juncture, when there is certainty that the strategies can be and are in fact implemented.

Question 2

What are the concrete steps the company is taking to ensure that the company returns back to profitability? Please explain and elaborate.

Response 2

The Group is focusing on developing higher revenue from products that deliver better margins, and is also seeking to expand our products offerings. This requires the Group to continue growing our supply network, which the management team is working hard on. The Group will also be seeking to identify new opportunities which can either strengthen or leverage on the Group’s existing business.

Question 3

After stepping down as Deputy Chairman, Mr Gary Loh still remains an advisor to the Board. However, it was announced on SGX-net that Mr Gary Loh has been selling much of his shares in Sunmoon Food. His stake, if any, in the company is now under 5%. Why is Mr Gary Loh selling his shares in Sunmoon Food? Does Mr Gary Loh have no confidence in the company prospects going forward? Please explain and elaborate.

Response 3

We are not in the position to speculate on Mr Loh’s reasons for selling his shares in the Company.

Mr Loh continues to play a very supportive role for the Company, where he shares his industry knowledge and network with the Company in his role as an advisor.

Question 4

Is Mr Gary Loh position as an advisor to the Board a paid or unpaid position? What is the remuneration accorded to him, if applicable? Please detail.

Response 4

Mr Loh is a paid advisor. His fees will be a fraction of that the Company pays each Independent Director.

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Question 5

The company has a market capitalization of less than 20 million SGD, but has a board of 8 directors. Do you not think the number of board members is excessive for such a small, loss-making company? Please elaborate and justify the need for such a large board.

Response 5

The current directors of the Company have specialties in different areas that are vital to the Company's operations and development.

Other than (i) the Executive Directors, who are paid in their capacity as employees of the Group, (ii) the three Independent Directors comprising Mr James Prideaux, Ms Ng Bie Tjin @ Djuniarti Intan and Mr Perry Yuen who are paid directors' fees for their services, and (iii) Mr Gary Loh, who was paid a director's fee for his services rendered as a Non-Executive Director up to the period ending 30 June 2023 (Mr Loh resigned as a Non-Executive Director with effect from 1 July 2023), none of the other Non-Executive Directors is paid a salary nor a fee.

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Appendix 2

Questions Raised at the Annual General Meeting of the Company held on 31 July 2023 and the Company’s Responses

Question 1

The Group is experiencing bad financial results for the past few years. Despite the bad financial results, the Group had obtained bank loan with interest rate of 3.90% which is higher than the Group’s gross margin. Please explain how the Company’s business model continues to sustain.

Response 1

After the Covid-19 Pandemic, the Company had managed to improve its revenue and gross margin during the last financial year compared with the previous two years. The bank loan was withdrawn at the interest rate of 3.90% per annum. However, the Company would be able to recycle the cash loan from bank for at least 6 times to generate gross margin of 6 x 2%, i.e. 12%, per annum. Hence, the Company is having a positive margin after deducting the loan interest cost.

Meanwhile, the Management is striving to seize any business opportunities to further improve revenue and gross margin. The Company will inform the shareholders via announcement published on the SGXNet when such information is certain.

Question 2

What is the percentage ratios of the Group’s revenue contributed by fruits and Basa fish respectively? What is the percentage ratios of import to China and export from China? Why does the Company have bad debts write-offs despite the low margin?

Response 2

The fruits exporting business contributed approximately 10% to 20% of the Group’s revenue while the remaining mainly consisted of the importing business of the Basa fish and other animal protein products. The fruits were exported from China to other countries whilst the Basa fish was imported into China from South East Asia.

The allowance for trade receivables recorded in the financial statements as at 31 March 2023 is not actual “write-offs” but the recognition of expected credit loss, which is in compliance with the Singapore Financial Reporting Standards requirements.

Our customers were also adversely impacted by the Covid-19 Pandemic and were not able to make the payment in time. The Management is working together with the customers to recover the trade receivables.

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Question 3

How many years Mr James Prideaux has been acting as a Director of the Company? What is the maximum duration for Mr Prideaux to hold a directorship in the Company?

Response 3

Mr James Prideaux was appointed in year 2017 and has served as an Independent Director of the Company for approximately 6 years. The duration of the term of office for an independent director shall not exceed 9 years.

Question 4

Please provide justification for the Company to have such a large Board. What is the maximum size of the Board the Company?

Response 4

The Company currently has eight Directors on the Board, of which three Directors are Independent Directors, namely Mr James Prideaux, Ms Intan Ng and Mr Perry Yuen. The Independent Directors received Directors’ fee from the Company for their services.

The company is listed in Singapore stock exchange and has a dual-headquartered mode with operations primarily based in Shanghai, China. Hence, the Company needs the local directors (Ms Intan Ng and Mr Perry Yuen) and international director (Mr James Prideaux) to provide their knowledge and professional expertise to support the Company’s growth. The Board is of the view that the three Independent Directors are playing important roles to the development of the Company.

Meanwhile, the remaining Non-Independent Directors do not receive remuneration or fee for their directorship from the Company. The newly appointed Director, Mr Song Xiaojun, was appointed as a Director to the Board after he made the investment of recent private placement of 1,250,000 ordinary shares in the Company.

The Constitution of the Company provided that the Company could have up to 12 Directors on the Board whilst the listing rule of SGX provided that the Independent Directors shall make up at least one-third of the Board.

Question 5

The increase of shares capital by way of private placement would result in the dilution of the shareholding of the existing shareholders. Please justify.

Response 5

Mr Zhang, the CEO and the representative of the largest shareholder of the Company said, he acknowledged that the private placement had led to equity dilution. However, in view of the declining net tangible assets of the company after the Covid-19 Pandemic, Mr. Song's investment was critical as it provided working capital to the group.

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Question 6

Company should try to minimise its Interested Persons Transactions (“IPT”) as it involves a lot of “grey area”.

Response 6

The majority of the Company's IPT consists of sales of merchandise to Shanghai YiGuo E-commerce Co. and its related entities.

The purpose of the Company and the Board of Directors obtaining the IPT mandate is to provide flexibility in operational transactions, and management will keep the volume of IPT to a minimum.