Securities Investors Association (Singapore)
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www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Pasture Holdings Ltd.

Stock code: UUK

Meeting details:
Date: 31 Oct 2023
Time: 10.30 a.m.
Venue: Singapore Recreation Club, Connaught Dr, B, Singapore 179682

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Q1. For the financial year ended 30 June 2023, revenue decreased by more than a third to US$9.7 million from US$15.1 million a year ago. The group generated 99.4% of its revenue from the pharmaceutical wholesale and drop-shipment segment, with mask and medical supplies and other services contributing 0.5% and 0.1% respectively.

Management has indicated they expect a normalisation of demand for Masks & Medical Supplies in the upcoming year. This is expected to occur as global stockpile inventories start to diminish, prompting healthcare and medical institutions to gradually rebuild their inventories. The total revenue from the mask and medical supplies segment was just US$45,000 for FY2023 (FY2022: US$5.8 million).

(i) **Mask and medical supplies:** The group supplied masks to Adventa Healthcare Sdn Bhd under a 2-year contract that was entered into in May 2021. As shown in Note 4F (Segment information: Information on major customers), Customer 3 contributed US$4.237 million in 2022 and $nil in FY2023. **Can management elaborate further on its active efforts to increase its sale of masks? Is the business of supplying masks viable in the long run given that the group appears to be an intermediary and outsources mask manufacturing to suppliers? What is the group's competitive advantage?**

(ii) **Pharmaceutical Wholesale:** The group's wholesale products portfolio includes, among others, vaccines such as influenza vaccines, human papillomavirus (HPV) vaccines (such as Gardasil®) and varicella (chickenpox) vaccines; oncology products such as Opdivo® and Keytruda®; diabetic products such as Saxenda® and Ozempic®; and nutraceutical products and dietary supplements such as ascorbic acid (Vitamin C). **How does the group secure new products and which specific products or product categories significantly drive the majority of the group's revenue?**

(iii) **Foreign currency: With Japan being the group's main market, what impact does the weak Japanese Yen have on the group's operations and profitability?**

(iv) **Hart-S ODS: What are the advantages of Hart-S ODS as compared to other sublingual forms of sildenafil? In which markets has the product been registered and is currently available for sale?**

(v) **furlife: Could management provide shareholders with data on the number of downloads, weekly active users, and other pertinent user engagement metrics? Is furlife solely targeted at the Singapore market? Can management offer insights to help shareholders gauge the size of the addressable market?**

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(vi) **Other services:** The group reports revenue from new lines of products and services under "Other services" in its segment reporting. Included in this segment are Hart-S ODS and furlife in FY2023. Revenue recognised in "Other services" amounted to US$14,000 while administrative expenses was US$(1.63) million. The segment loss of US$(1.32) million. **Could management provide a breakdown of the losses incurred by furlife and Hart-S ODS? Has the board established a limit on the capital allocated for the growth of furlife and the pet healthcare business?**

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Q2. The group, through its subsidiary, Pasture Pharma, entered into a private label supply agreement in October 2022 with McKesson Medical-Surgical Inc., a subsidiary of McKesson Corporation, one of the largest medical and pharmaceutical distribution companies globally, for the supply of medical and surgical supplies and devices from McKesson for an initial term of three years.

As disclosed in the offer document dated 31 May 2023, Pasture Pharma is granted the non-exclusive right to sell, distribute or sell the Private Label Products intended for resale by Pasture Pharma, its affiliates or its customers, in Singapore, India, Malaysia, Indonesia and Thailand.

(i) **Can management elaborate further on the strategic significance of the agreement with McKesson Medical-Surgical Inc.? How many stock keeping units (SKUs) are covered by the supply agreement and what progress has been made one year into the three-year agreement?**

(ii) **Given that the supply agreement is non-exclusive in nature, does the group provide any value-add at all?**

(iii) **How many relevant regulatory approvals and product registrations have been obtained by the group?**

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Q3. Would the board provide greater clarity on the following corporate governance matters? Specifically:

(i) **Internal audit:** As disclosed in the corporate governance report, the group has outsourced its internal audit function to HLS Risk Advisory Services Pte. Ltd. **Can management provide details about the scope, key findings, and recommendations made by the internal auditor for FY2023, especially considering the recent transition of the company to a publicly listed entity?**

(ii) **Experience of the board directors:** Two of the three independent directors, namely Ms. Sharon Low and Mr. Michael J.S. Lim, as well as Mr. Lloyd Soong (serving as the executive chairman) and Mr. Prashanth Palepu (as a non-executive director), do not have prior experience as directors of publicly listed companies in Singapore. In addition, Ms. Sharon Low resides in Taiwan, and Mr. Michael J.S. Lim is based in Malaysia. Additional information on directors seeking re-election can be found on pages 102 to 112 of the annual report. **Can the nominating committee clarify the considerations and criteria used in evaluating the current board's composition (including the appropriate balance and mix of skills, knowledge and experience) for its effectiveness as a listed company in Singapore?**

(iii) **Interested person transactions (IPTs):** At the annual general meeting scheduled to be held on 31 October 2023, the company is seeking shareholders' approval on the renewal of the general mandate for IPTs. The appendix in relation to the proposed resolution can be found here:

https://links.sgx.com/FileOpen/4.%20Appendix%20-%20IPT%20General%20Mandate.ashx?App=Announcement&FileID=774928

Can the board clarify in greater detail if Pleasant Exports directly competes with the group? In addition, Pasture Marketing Inc used to be wholly owned by the executive chairman until its sale to an unrelated third party on 10 November 2022. Pasture Marketing Inc is no longer an interest person of the group. **Can the board confirm if the group still maintains any business relationships or dealings with Pasture Marketing Inc (now known as 0587207 B.C. Ltd.)?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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