

CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**” or the “**Directors**”) and the management team (“**Management**”) of Zixin Group Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is committed to maintaining a high level of corporate governance to promote greater transparency and safeguard the interests of shareholders, employees, and other stakeholders as well as to promote investors’ confidence.

In accordance with Rule 710 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual – Section B: Rules of the Catalist (the “**Catalist Rules**”), this corporate governance report (the “**Report**”) outlines the Company’s corporate governance structures and practices that were in place during the financial year ended 31 March 2024 (“**FY2024**”), with specific reference made to the principles of the Code of Governance 2018 (the “**Code**”) through effective self-regulatory corporate practices to protect and enhance the interests and value of its shareholders.

The Company believes that it has substantially complied with the principles and provisions as set out in the Code where appropriate. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code.

I. BOARD MATTERS

PRINCIPLE 1: THE BOARD’S CONDUCT OF ITS AFFAIRS

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

As at the date of this Annual Report, the Board comprises of the following Directors:

Name of Directors	Designation
Liang Chengwang	Executive Chairman and Chief Executive Officer
Lawrence Chen Tse Chau (Chen Shichao)	Non-Executive and Lead Independent Director
Ng Poh Khoon	Non-Executive and Independent Director
Xue Congyan	Non-Executive and Independent Director

Further information about the profiles of the current Directors are set out on pages 21 to 23 of this Annual Report.

The Board’s principal roles include promoting long-term shareholder value, setting the strategic direction and establishing goals for the management team of the Company and its subsidiaries as well as ensuring proper observance of corporate governance practices, which includes setting of code of conduct and ethics, appropriate tone and desired organisational culture, and ensuring proper accountability within the Group. In this regard, the Board oversees the business affairs of the Group and works with Management to achieve these goals for the Group.

The Board has put in place policies and procedures for dealing with conflicts of interest. Where the Director faces a conflict of interest, he or she would recuse himself or herself from discussions and decisions involving the issues of conflict. All Directors objectively discharge their duties and responsibilities as fiduciaries and take decisions in the best interest of the Group at all times.

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In addition to statutory duties and responsibilities, the Board's duties, including the key matters to be approved by the Board are set out as follows:

- (a) reviewing and approving key business and financial strategies (taking into consideration sustainability issues) and objectives of the Group;
- (b) reviewing and approving major corporate transactions (such as financial restructuring and share issuance);
- (c) reviewing and approving annual budgets of the Group, major transactions, including acquisitions, divestments, investments and capital expenditure;
- (d) reviewing and approving the annual report and audited financial statements of the Group;
- (e) reviewing and approving the unaudited financial results of the Group, including the half-yearly and full-year results announcements;
- (f) reviewing and approving the nomination of Board members and the appointment of key management personnel;
- (g) reviewing the performance of Management and to provide guidance to Management (where necessary);
- (h) ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
- (i) ensuring that the Group has adequate internal controls, risk management, financial reporting and compliance as well as evaluating the same;
- (j) ensuring the Group's compliance with laws, regulations, policies, directives and guidelines;
- (k) establishing and maintaining the Company's values and standards and ensuring obligations to shareholders and others are understood and met;
- (l) establishing and maintaining an ethical corporate culture that is reflective of the Company's values, standards, policies and practices and encouraging adherence to the Group's internal code of conduct;
- (m) overseeing risk management strategies of the Group; and
- (n) ensuring accurate, adequate and timely reporting to, and communication with shareholders and other key stakeholder groups.

The Board exercises due diligence and independent judgment in dealing with the business affairs of the Group and works with the Management to make objective decisions as fiduciaries in the interest of the Group. The Board clearly communicates with Management in writing in relation to matters that require its approval. In exercising its duties and responsibilities, the Board draws on the competencies, experience and judgment of each and every director. The presence of three (3) Non-Executive and Independent Directors on the Board, which forms the majority of the Board, ensures a strong element of independence in the Board's decision.

To ensure smooth operations, facilitate decision-making and ensure proper controls, the Board has delegated some of its powers to its committees and Management. In particular, the Board has set up three (3) committees to assist it in effectively discharging its duties. These three (3) committees are the Audit Committee ("**AC**"), Nominating Committee ("**NC**"), and Remuneration Committee ("**RC**") (collectively, the "**Board Committees**").

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Each of the Board Committees are constituted with clear written terms of reference, given specific responsibilities as well as empowered by the Board to deal with matters within the limits of authority set out in their respective terms of reference, which are reviewed on a regular basis by the Board. The AC is responsible for undertaking an independent review of the effectiveness of the financial reporting process and internal control systems of the Company and if required, to make the necessary recommendations to strengthen the necessary processes and controls to the Board. The NC is responsible for reviewing and making the appropriate recommendations to the Board on all board appointments and re-appointments while the RC is responsible for establishing and implementing a framework for remuneration of directors and key management personnel. Accordingly, the Board Committees facilitate the Board's oversight of the Group.

The Board has delegated the day-to-day operations to Management while reserving key matters (such as corporate restructuring, mergers and acquisitions, investments, acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's half yearly and annual results, interested person transactions of a material nature, and declaration of interim dividends and proposal of final dividends) for Board approval.

In conducting the day-to-day operations of the Group, the Management will be guided by the internal guidelines (such as the approval limits for various expenditures, banking and treasury approval limits and authorised signatories) that clearly set out the matters which must be approved by the Board. In addition, the Board is free to request for further clarification and information from Management on all matters within their purview.

Notwithstanding the above delegation of authority by the Board, the ultimate responsibility on all matters lies with the Board.

Generally, the Board convenes for scheduled meetings on a half-yearly basis, and ad-hoc meetings will be arranged when required (for example to consider proposed corporate actions by the Company or to review corporate action documents). If the Directors are unable to attend Board meetings physically, such meetings may be conducted via telephone conference, video conference, audio visual or by means of a similar communication equipment where all the Directors participating in the meeting are able to hear each other. In addition, decisions of the Board and the Board Committees may also be obtained through circular resolutions.

Directors' attendance at the Board and the Board Committee meetings during FY2024 and up to the date of this Annual Report is as follows:

Name of Director	Board	Audit	Nominating	Remuneration
Number of Meetings attended				
Liang Chengwang	5 / 5	5 / 7*	2 / 2*	2 / 2*
Lawrence Chen Tse Chau (Chen Shichao)	5 / 5	7 / 7	2 / 2	2 / 2
Ng Poh Khoo	5 / 5	7 / 7	2 / 2	2 / 2
Xue Congyan	4 / 5	7 / 7	2 / 2	2 / 2

* By invitation.

While the Board considers Directors' attendance at Board meetings to be important, it is not the only criterion which the Board uses to measure Directors' contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group. The Board requires Directors to be able to commit sufficient time and attention to the affairs of the Board and their relevant Board Committees. A discussion of the procedure for assessing the Directors' commitment to the Company is set out below under Principle 4.

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To enable the Directors to better understand the Group's business as well as for them to discharge their respective duties, Management will provide regular business updates to the Directors during the scheduled board meetings. In addition, in order to ensure that each Director is able to contribute in a meaningful manner during Board meetings, Management provides the members of the Board with relevant background information and documents relating to the items of business to be discussed at each Board meeting, such as copies of disclosure documents, budgets, forecasts and internal financial statements, before the scheduled meeting.

Key information relating to the Company's operations and finances are also circulated to the Board via email prior to meetings and/or in a timely manner on an on-going basis so that the Directors may monitor with ease the Company's performance as well as the Management's fulfilment of goals and objectives set by the Board.

Further to the above, the Directors are also regularly briefed by the Management of the Company on the business activities of the Company as they are responsible for the Company's strategic directions as well as its corporate practices. Accordingly, such briefings by Management allow the Directors to stay up to date on the day-to-day implementation of such strategic directions and corporate practices.

To ensure that the Directors are able to consistently develop and maintain their skills and knowledge, the Company encourages its Directors to attend courses and seminars. In this regard, the Company has a training budget for its Directors to attend courses and seminars which can be utilised by Directors as and when it is required. In addition, information on courses or seminars in relation to the roles and responsibilities as a director of a Singapore listed company as well as revision to laws or regulations (which are applicable to the Group) are disseminated to the Directors. Further to this, news releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are circulated to the Board.

The Company also has in place an orientation program in which all new Directors are given guidance and orientation including onsite visits to get them familiarised with the Group's business, organisation structure, corporate strategies and policies and corporate governance practices to facilitate the effective discharge of their duties.

Further to this, for new Directors who do not have prior experience as a director of a public listed company in Singapore, they will attend training courses organised by the Singapore Institute of Directors ("**SID**") or other training institutions in areas such as accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties. The Company would arrange for the Directors to attend the relevant courses organised by SID to familiarise themselves with the roles and responsibilities of Directors of a listed company. As of the date of this Annual Report, all current Directors of the Board have completed the mandatory prescribed courses conducted by SID pursuant to Rule 406(3)(a), Rule 720(6) and Practice Note 4D of the Catalist Rules.

Complementing the existing orientation programme and periodic updates on the developments in accounting standards and any changes in the regulatory environment in Singapore as well as those pertaining to the roles and responsibilities of a director of a listed company, the Directors also have separate and independent access to the Management of the Company, including the Chief Executive Officer ("**CEO**"), the Chief Financial Officer ("**CFO**"), the Group Financial Controller ("**GFC**") and Company Secretary of the Company.

The Company Secretary and/or representatives from the Company Secretary's office attend all meetings of the Board and the Board Committees and prepares the minutes of such meetings. The minutes of such meetings are then circulated to the Board and the Board Committees, as the case may be. The Company Secretary also advises the Board on governance matters and ensures that the procedures for such meetings are in accordance with the Constitution, the relevant terms of reference and all applicable rules and regulations (including the requirements of the Companies Act 1967 of Singapore and the Catalist Rules) are complied with.

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Further to the above, the Company Secretary helps to facilitate communications within the Board and the Board Committees and between Management and the Directors. The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Company allows Directors to take independent professional advice on matters affecting the Company, and such costs will be borne by the Company. In addition, Directors have, at all times, unrestricted access to the Company's records and information.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The independence of each of the Non-Executive and Independent Directors is reviewed by the NC annually, as well as when circumstances require, based on the guidelines set forth in the Code including but not limited to the circumstances set forth in Provision 2.1 of the Code, the Practice Guidance issued under the Code, and Rule 406(3)(d) of the Catalist Rules (collectively, the "**Independence Criteria**") to ensure that the Board consists of persons who, together, will provide core competencies and independent business judgements and perspectives necessary to meet the Company's objectives. In this regard, after conducting a review, the NC is satisfied that there are no relationships identified by the Independence Criteria which would deem any of the Non-Executive and Independent Directors not to be independent.

In light of the fact that the Chairman is not independent due to his concurrent appointment as the CEO, the Company had, in FY2024, ensured that its Board comprised three (3) Non-Executive and Independent Directors to take into account the guidance set out in Provisions 2.2 and 2.3 of the Code. For FY2024, the appointment of three (3) Independent Directors out of four (4) Directors on the Board had ensured that the majority of the Board comprised Non-Executive and Independent Directors. The Non-Executive and Independent Directors are able to exercise independent judgement in the best interests of the Company and the Group, and this enables Management to benefit from their external and objective perspectives of issues that are brought before the Board. As such, there is a strong and independent element on the Board.

The Board, through the NC, reviews the size and composition of the Board to ensure that the size of the Board is conducive for effective discussion and decision-making and that the Board has the appropriate mix of expertise, skill, knowledge, experience and gender diversity, and collectively possess the necessary core competencies for the effective functioning of and informed decision-making in the Company. Based on these requirements, the Board is of the opinion that for FY2024, its current board size and composition is reasonably effective and efficient considering the nature, scope and size of the Group's business operations.

Following the introduction of Rule 710A of the Catalist Rules which came into force from 1 January 2022, the Board has at the recommendation of the NC approved and adopted the board diversity policy of the Company (the "**Board Diversity Policy**") to formalise the Company's approach towards achieving diversity on its Board. The Company's Board Diversity Policy has been made available on the Company's website and can be found at <https://www.zixingroup.com.sg/>.

Under the Board Diversity Policy, diversity is drawn from different factors pertinent to the Company, such as varying skillsets, business experience, industry expertise, gender, age, cultural background, geographical background and nationality, tenure of service, overall suitability and other relevant distinguishing qualities (the "**Diversity Factors**"). The Board and the NC are aware that the Diversity Factors (or the particular importance of any one factor) may change from time depending on the needs of the Company. The NC will review and assess the Board composition having regard to, amongst others, the diversity of skills, experience, gender and knowledge of the Directors, the core competencies of the Directors as a group, the scope and nature of the operations and the requirements of the business. The NC will then make the necessary recommendation to the Board on its diversity both on an annual basis and as and when necessary.

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In making a recommendation for the appointment of new Directors, the NC reviews the size and composition of the Board to ensure that the size of the Board is conducive to effective discussion and decision-making and that the Board has the appropriate mix of expertise, skill, knowledge, experience and diversity, and collectively possess the necessary core competencies for the effective functioning of and informed decision-making in the Company.

If necessary, the NC will seek assistance from external search consultants for the selection of potential candidates that fit the criteria set by the NC for diverse, experienced and reputable candidates.

It is noted that that the Board does not currently have female representation on the Board with the cessation of Ms Duanmu Xiaoyi as Executive Director with effect from 31 March 2023. In seeking to align with the aspirational targets of the Council for Board Diversity, the NC and the Board is in the midst of considering the appointment of director(s), with a view to returning to at least 20% female representation on its Board by end of FY2025. In the meantime, the Company has initiated the process of searching for suitable candidates, in which the NC will continue to ensure that if external search consultants are used to search for suitable candidates for Board appointments, the brief will include a requirement to also present female candidates, and when seeking to identify a new Director for appointment to the Board, the NC will request for female candidates to be fielded for consideration.

On balance, the final decision on selection of Directors will be based on merit against objective criteria that complements and expands the skills, experience and overall effectiveness of the Board as a whole.

The NC is of the view that the Board possesses adequate core competencies in areas such as accounting, finance, business and management experience, industry knowledge, strategic planning experience and experience or knowledge that are relevant to the Group. Mr Liang Chengwang's institutional knowledge and expertise in managing the Group's business is complemented by Mr Lawrence Chen Tse Chau and Mr Ng Poh Khoon's expertise in the areas of accounting, audit, financial control and business administration. This is further enhanced by Mr Xue Congyan's extensive experience in the capital markets industry, in which he can provide the Company with guidance on both fundraising and its strategic investments. Based on the aforesaid, the NC is of the view that the Board has a combination of skills, talents, experience and diversity drawn from a diverse Board that serves the needs and plans of the Company.

Further to the above, the Non-Executive and Independent Directors constructively challenge and participate in setting strategies and goals for the Company and review as well as monitor Management's performance in the implementation of the agreed strategies and goals. Where necessary, the Non-Executive and Independent Directors will conduct meetings regularly amongst themselves without the presence of Management. The chairman of such meetings will then provide feedback to the Board and/or the Chairman as appropriate.

In light of the foregoing, the Board and the NC are of the view that the Board can exercise independent judgement on corporate affairs and that no one individual or group(s) of individuals dominates any decision-making process.

There is currently no Non-Executive and Independent Director who has served on the Board for more than nine (9) years.

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PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

As at the date of this Annual Report, Mr Liang Chengwang is the Executive Chairman and CEO of the Company.

As the Executive Chairman, Mr Liang Chengwang assumes responsibilities for, amongst others, the effective function of the Board and exercising control over the quality, quantity and timeliness of the flow of information between Management and the Board and assisting in ensuring compliance with the Company's guidelines on corporate governance. In particular, the Executive Chairman is responsible for the overall management of the Board and has the following responsibilities:

- (a) leading the Board, ensuring its effectiveness in all aspects of its role, and setting out its agenda;
- (b) ensuring that the Directors receive complete, adequate, accurate, timely and clear information;
- (c) critiquing key proposals by Management before they are presented to the Board;
- (d) ensuring effective communication with shareholders;
- (e) encouraging constructive relations between the Board and Management;
- (f) facilitating the effective contribution of the Non-Executive and Independent Directors towards the Company;
- (g) encouraging constructive relations between the Executive Directors and Non-Executive and Independent Directors; and
- (h) promoting high standards of corporate governance.

Mr Liang Chengwang, in his role as the CEO, is primarily responsible for the day-to-day management of the operations and performance of the Group in accordance with the strategies, policies, budget and business plans as approved by the Board. Further to his role as the CEO, Mr Liang Chengwang reports to the Board on the Group's operations and performance.

The Board notes that the Company does not comply with Provision 3.1 of the Code, which provides that the role of the Chairman and the CEO should principally be separated to maintain an appropriate balance of power, increased accountability and to facilitate independent decision making by the Board. However, the Board is of the view that, at this point in time, it is in the best interests of the Group to adopt a single leadership structure, whereby the Chairman of the Board and the CEO is the same person, so as to ensure that the decision-making process of the Group would not be unnecessarily hindered.

The Board's view is based on the fact that Mr Liang Chengwang has actively promoted and emphasised the need to have in place a strong corporate governance culture. In FY2024, the Board had three (3) Non-Executive and Independent Directors, out of a total of four (4) Directors on the Board. Further to this, Mr Lawrence Chen Tse Chau (Chen Shichao) serves as the Lead Independent Director and he is present to provide leadership in situations where the Chairman is conflicted and to ensure that a channel of communication is always available to shareholders where they have concerns and/or where contact through normal channels of the Group's Executive Chairman, the CFO, GFC or the Management has failed to resolve the concerns. In addition, in FY2024, the AC, NC and RC consisted of all Non-Executive and Independent Directors. In light of these reasons, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual. As part of the Company's ongoing efforts to maintain strong corporate governance practices, as well as to further the continuous development and progression of its Directors, the Company has also rotated the positions of its Lead Independent Director, AC Chairman and RC Chairman in the financial year ended 31 March 2023.

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Another measure that the Board has put in place to ensure that there is an appropriate balance of power, increased accountability and to facilitate independent decision making by the Board, is to have the Board discuss and review all major proposals and decisions made by Mr Liang Chengwang. In this regard, for FY2024, the Non-Executive and Independent Directors have participated actively in matters relating to business, finance, corporate governance, risk management, remuneration and appointment of Board members. Further to this, the performance and remuneration of Mr Liang Chengwang as the Executive Chairman and CEO is periodically reviewed by the NC and the RC. In addition, the Board Committees comprise only the Non-Executive and Independent Directors.

The Lead Independent Director and the other Non-Executive and Independent Directors meet regularly on an informal basis to discuss any matters without the presence of Management as and when circumstances require. The Lead Independent Director will provide feedback to the Executive Chairman following such meetings, if it is necessary.

Hence, the Board believes that there are sufficient safeguards against an uneven concentration of power and authority in a single individual, and that no one individual or group(s) of individuals dominates any decision-making process. Accordingly, the Board is of the view that the existing leadership arrangement is effective. Notwithstanding this, as a matter of prudence, the Board will continually review the role of the Executive Chairman and the CEO as well as the composition of the Board to ensure that it does not impede the principles of independence and objectivity in decision making.

PRINCIPLE 4: BOARD MEMBERSHIP

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The Company has established the NC which is guided by the terms of reference approved by the Board.

As the date of this Annual Report, the NC comprises three (3) members all of whom, including its Chairman, are Non-Executive and Independent Directors. The Lead Independent Director is also a member of the NC. The members of the NC are:

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| (a) | Xue Congyan (Chairman)
<i>(appointed as a member and Chairman on 8 August 2019)</i> | Non-Executive and Independent Director |
| (b) | Ng Poh Khooon
<i>(appointed as a member on 31 May 2018)</i> | Non-Executive and Independent Director |
| (c) | Lawrence Chen Tse Chau (Chen Shichao)
<i>(appointed as a member on 26 October 2020)</i> | Non-Executive and Lead Independent Director |

The NC is responsible for the following:

- (a) reviewing succession plans for the Executive Chairman, Executive Director and the key management personnel (including the CEO);
- (b) reviewing, assessing, making recommendations to the Board on all board appointments, including re-nominations, through a formal and transparent process which takes into account the director's contribution and performance (for example, attendance, preparedness, participation and candour);
- (c) determining annually whether or not a director is independent based on the Independence Criteria;
- (d) reviewing and approving any new employment of related persons and the proposed terms of their employment;

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- (e) reviewing the directors' mix of skills, experience, core competencies and knowledge of the Company and its subsidiaries that the Board requires to function competently and efficiently;
- (f) reviewing, assessing and recommending nominee(s) or candidate(s) for re-appointment or re-election to the Board and considering his/her competency, commitment, contribution, performance and whether or not he/she is independent;
- (g) reviewing the training and professional development programs for the Board and its Directors;
- (h) recommending to the Board comprehensive induction training programs for new Directors and reviewing the training and professional development programs for the Board to keep the Board apprised of relevant new laws, regulations and changing commercial risk;
- (i) preparing and recommending, for approval of the Board, written guidelines on the division of responsibilities of the Chairman of the Board and the CEO;
- (j) determining and recommending to the Board the maximum number of listed company board representations which any director may hold and disclosing this in the Company's annual report;
- (k) deciding whether or not a Director is able to and has been adequately carrying out his/ her duties as a Director of the Company, particularly when he/she has multiple board representations, and/or other principal commitments;
- (l) recommending to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards and the maximum number of listed company board representations which any Director may hold; and
- (m) assessing the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board and recommending to the Board the development of a process for evaluation and deciding how the performance of the Board may be evaluated and proposing objective performance criteria. The Chairman of the NC should act on the results of the performance evaluation and where appropriate, propose the appointment of new members to the Board or seek the resignation of Directors, in consultation with the members of the NC.

In the event that there is a need to change the structure of the Board, the chairmanship of the Company or the membership of the Board Committees, the NC will review the proposed changes and will make the appropriate recommendations to the Board. In addition, the NC is also responsible for ensuring that the membership of the Board is refreshed progressively and in a systematic manner, to avoid losing institutional knowledge.

The NC also reviews the succession plans for the key management personnel. The NC recognises the importance of succession planning as part of corporate governance and there is an internal process of succession planning for the Chairman of the Board, Directors, the CEO and Management, to ensure the progressive and systematic renewal of the Board and key management personnel. In this regard, the NC will, in consultation with the Board and the Company's professional advisors, examine the existing Board's strength, capabilities and the existing Directors' contribution in terms of skills, knowledge and experience to the Company and the Board as well as taking into account the future needs of the Company. If the appointment of new directors is required, the NC will identify potential candidates from various sources. If need be, the NC may seek assistance from external search consultants for the selection of potential candidates. Directors and Management may also put forward names of potential candidates, together with their curriculum vitae, for consideration. Once the suitable candidate has been identified, the NC will deliberate on the background, skills, qualification and experience of that candidate. The factors taken into consideration by the NC could include, among other things, the new director's ability to add to or complement the mix of skills and qualifications in the existing Board, relevance of his experience and contributions to the business of the Company and the depth and breadth he could bring to Board discussions.

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The Board will subsequently review the candidate's qualifications, attributes and past experience followed by interviewing short-listed candidates. The proposed candidate's independence, expertise, background and suitable skills will be considered before the Board makes its final decision on the appointment. If the proposed appointments are approved by the Board, announcements relating to their appointment will subsequently be released via SGXNet.

The NC is responsible for the nomination of retiring Directors for re-election. In its deliberations on the nomination of a Director for re-election, the NC would take into account the current needs and composition of the Board as well as assessing the competency, performance and contribution of the Director (including his/her attendance, preparedness and participation at Board and Board Committees meetings) against the performance criteria set out in Principle 5 below. Subject to the NC's satisfactory assessment, the NC would recommend the proposed election or re-election of the Director to the Board for its consideration and approval. Directors subject to retirement pursuant to the Company's Constitution will give his/her consent to seek for re-election and upon being determined to be eligible, will be recommended by the Board for re-election at the forthcoming AGM of the Company.

In accordance with Articles 99(1) and (2) of the Company's Constitution, one-third of the Directors shall retire from office by rotation at each AGM. In addition, Articles 99(3) and (4) provide that the Directors to retire in every year shall be those subject to retirement by rotation who have been longest in office since their last re-election or appointment and that the retiring Directors are eligible to offer themselves for re-election. All Directors are required to retire from office at least once in every three (3) years and, if applicable, submit themselves for re-nomination and re-election. In addition, Articles 81 and 100 provide that all new Directors who are appointed as additional directors or to fill up the vacancy occurring in the Board of Directors shall hold office only until the next AGM and are eligible to offer themselves for re-election.

At the forthcoming AGM, Mr Liang Chengwang and Mr Ng Poh Khoo are due for retirement and re-election pursuant to Article 99 of the Company's Constitution. After assessing the contributions of Mr Liang Chengwang and Mr Ng Poh Khoo, the Board has accepted the NC's recommendation that Mr Liang Chengwang and Mr Ng Poh Khoo, who has given their consent for re-nomination and re-election at the forthcoming AGM of the Company, be put forth for re-nomination and re-election.

Information relating to the retiring directors who are retiring and offering themselves for re-election at the upcoming AGM are as set out in Appendix 7F of the Catalist Rules, and can be found in the "Disclosure Of Information On Directors Seeking Re-Election" on pages 146 to 150.

The NC is also tasked with assessing the independence of the Non-Executive and Independent Directors. This review is done annually, and as and when the circumstances require. Annually, each Non-Executive and Independent Director is required to complete a Director's Declaration of Independence (the "**Independence Declaration**") to confirm his independence. The Independence Declaration is drawn up based on the Independence Criteria. The NC will then review the Independence Declaration completed by each of the Non-Executive and Independent Directors in order to assess the independence of each of the Non-Executive and Independent Directors before making a recommendation to the Board. For FY2024, the Non-Executive and Independent Directors have confirmed their independence in accordance with the Independence Criteria. The Board, after taking into account the views of the NC pursuant to the annual review conducted by the NC, and having considered the confirmations of independence provided by the Non-Executive and Independent Directors, is of the view that Mr Lawrence Chen Tse Chau (Chen Shichao), Mr Ng Poh Khoo, and Mr Xue Congyan are independent.

To ensure that new Directors are aware of their duties and obligations, a formal letter of appointment explaining their duties and obligations as Director is provided to every new Director upon appointment. The formal letter of appointment sets out the time commitment required of the Director and the Director's roles and responsibilities, including disclosure requirements and best practices relating to dealings in securities under applicable laws and regulations.

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The NC is also responsible for ascertaining whether individual Directors have committed adequate time and attention to the Group's affairs which are essential for the individual Director's contribution and performance. In this regard, the NC has considered the number of listed directorships each of its Directors can hold after taking into considerations factors such as the expected and/or competing time commitments of the Directors, the size and composition of the Board as well as the nature and scope of the Group's operations and size.

Based on the Directors' contributions at meetings of the Board and the Board Committees, as well as their time commitment to the affairs of the Company, the Board believes that at present, it would not be meaningful to define the maximum limit on the number of listed company board representations and other principal commitments which any Director may hold, and has instead tasked the NC to review if a Director with multiple board representations is devoting sufficient time and attention to the affairs of the Company.

After conducting the annual reviews, the NC is satisfied that the current Directors have been able to devote adequate time and attention to the affairs of the Company and that they are able to satisfy their duties as Directors of the Company. In addition, as at the date of this Annual Report, the Company does not have any alternate directors. Notwithstanding this, the NC would continue to review from time to time on the board representations and other principal commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately. Further information about each Director's listed company board directorships and principal commitments can be found in the profile of the Board of Directors section of this Annual Report.

PRINCIPLE 5: BOARD PERFORMANCE

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors.

The NC, guided by its terms of reference, decides on how the Board's performance is to be evaluated and has developed objective performance criteria, which address how the Board has enhanced long-term shareholders' value and the effectiveness of the Board as a whole.

As part of the performance criteria, the NC will take into account financial indicators such as share price performance and return-on-equity as these factors allow for benchmarking of the Board's performance relative to that of competitors and industry peers. However, the Board will also consider non-financial indicators such as feedback received from investors (institutional and/or retail) and market analysts as these considerations also serve as useful qualitative analysis by external parties. Further to this, the Board will also take into account, *inter alia*, the Board size and composition, maintenance of independence, Board information, Board process, Board accountability, communication with top Management and standard of conduct.

In assessing the performance and effectiveness of the Board and its Board Committees, the NC takes into account, among other factors, the Board Committees' and the Board's ability to work with the senior management of the Company, the discussions and due deliberations of the Board and the Board Committees, and whether objectives and targets set at the commencement of the relevant financial years have been met. For the avoidance of doubt, reviews of each individual Board member's performance and effectiveness, as well as the performance and effectiveness of the Board and the Board Committees are undertaken on a continuous basis by the NC with inputs from the various Board members.

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In order to ensure that the Board and the Board Committees are able to achieve the above objectives, the Board has implemented a formal annual evaluation process to be carried out by the NC to assess the performance and effectiveness of the Board as a whole and its Board Committees, as well as the performance and contribution of each individual Director to the effectiveness of the Board.

For FY2024, the Directors participated in the evaluation process by providing feedback to the NC in the form of completing:

- (a) a Board performance evaluation checklist which covers several parameters such as Board composition, conduct of meetings, Board process, Board accountability, risk management and internal control, measuring and monitoring performance as well as communication with Shareholders;
- (b) the respective performance evaluation checklists for the AC, NC, and RC which covers several parameters such as the composition of the respective Board Committees, conduct of meetings, the processes of the respective Board Committees, accountability in the respective Board Committees, measuring and monitoring performance as well as communication with the Board; and
- (c) an individual Director performance evaluation checklist which covers several parameters such as the Director's interactive skills, industry knowledge, contribution and workload requirements, sense of independence and preparation at the Board and Board Committees meetings.

To ensure confidentiality, the evaluation checklists completed by the Directors were submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review and discussion. The NC has reported to the Board on its review of the performance and the effectiveness of the Board as a whole and its Board Committees, as well as the performance and contribution of each individual Director to the effectiveness of the Board for FY2024. The NC has reviewed the overall performance and effectiveness of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year and is of the view that the performance and effectiveness of the Board as a whole has been satisfactory. The NC is also of the view that based on the results collated from the evaluation checklists:

- (a) the Board Committees and the Board have consistently performed well and effectively; and
- (b) each individual Director has discharged his or her roles and responsibilities effectively and has contributed towards the effectiveness of the Board for the financial year.

No external facilitator was engaged in FY2024. If required, the NC has full authority to engage external facilitators to assist with the evaluation process.

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II. REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The Company has established the RC which is guided by the terms of reference approved by the Board.

As at the date of this Annual Report, the RC comprises three (3) members all of whom, including its Chairman, are Non-Executive and Independent Directors. The members of the RC are:

- | | |
|---|---|
| (a) Ng Poh Khooon (Chairman)
<i>(appointed as a member on 31 May 2018 and redesignated as the Chairman on 8 September 2023)</i> | Non-Executive and Independent Director |
| (b) Lawrence Chen Tse Chau (Chen Shichao)
<i>(appointed as the Chairman on 26 October 2020 and redesignated as a member on 8 September 2023)</i> | Non-Executive and Lead Independent Director |
| (c) Xue Congyan
<i>(appointed as a member on 8 August 2019)</i> | Non-Executive and Independent Director |

The primary function of the RC is to advise the Board on compensation matters. The RC establishes remuneration policies that are in line with the Group's business strategies and risk policies as well as long-term interests of the Group and its shareholders, with a view of ensuring that remuneration packages are sufficiently competitive to attract, retain and motivate Directors and key management personnel with the appropriate experience and expertise. In particular, in relation to the Directors and key management personnel, the RC bears in mind that a meaningful portion of their compensation should be contingent upon the financial performance of the Company, in order to foster the creation of long-term shareholder value.

The responsibilities and principal functions of the RC, as set out in its terms of reference, include the following:

- (a) reviewing and recommending a general framework of remuneration to the Board for endorsement by the entire Board, the specific remuneration packages and terms of employment (including termination terms) for each Director, the CEO (if the CEO is not a Director) and key management personnel (including but not limited to senior executive/divisional directors/those reporting directly to the Managing Director/Chairman/CEO/employee related to the Executive Directors or controlling shareholders of the Group);
- (b) reviewing and recommending for endorsement by the entire Board, share-based incentives or awards or any long-term incentive schemes which may be set up from time to time, in particular to review whether Directors and key management personnel should be eligible for such schemes and also evaluating the cost and benefits of such scheme and to do all acts necessary in connection therewith;
- (c) functioning as the committee referred to in the Zixin Employee Share Option Scheme ("**Zixin ESOS**") and the Zixin Performance Share Plan ("**Zixin PSP**") (collectively referred to as the "**Schemes**") and shall have all the power as set out in the Schemes;

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- d) carrying out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time;
- (e) ensuring that all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered;
- (f) that the remuneration packages should be comparable within the industry and to comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing the performance of individual Directors and key management personnel;
- (g) the remuneration packages of employees related to Executive Directors, CEO (if CEO is not a Director) and substantial or controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility; and
- (h) to ensure that contracts of service contain fair and reasonable termination clauses in the event of termination of the Executive Directors and key management personnel.

As part of its review, the RC will take into consideration the salary and employment conditions of similar roles within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the CEO and key management personnel. This remuneration framework is recommended by the RC to the Board to ensure that the structure is competitive and sufficient to attract, retain and motivate the Executive Directors and the key management personnel to run the Company successfully in order to maximise shareholders' value.

There is a formal and transparent procedure for fixing the remuneration packages of the Directors. No individual Director is involved in deciding his/her own remuneration. All Non-Executive and Independent Directors are paid Directors' fees half-yearly on a standard fee basis. In addition, each member of the RC abstains from making any recommendation on or voting on any resolution in respect of his/her own Director's fees payable to them, except for providing information and documents specifically requested by the RC to assist it in its deliberations.

The RC will also review the terms and conditions of the respective service agreements of the Executive Directors as well as the key management personnel before their execution. In the course of such review, the RC will consider, in particular, the Group's obligations arising in the event of termination of any of the Executive Directors and the key management personnel. This is to ensure that the service agreements contain fair and reasonable termination clauses and are not overly generous so as to avoid rewarding poor performance. In this regard, the RC has reviewed the terms of the service agreements for the Executive Director as well as the key management personnel and they are of the view that the Executive Director and the key management personnel have service agreements which include fair and reasonable terms for termination under appropriate notice and these service agreements are in line with market practices and are not overly generous.

The RC is entitled to seek expert remuneration advice from external consultants whenever required. In the event that the RC decides that such professional advice is required, it will ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

The Company did not appoint any external remuneration consultant for FY2024.

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PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

As stated in Principle 6 above, the RC has established remuneration policies that are in line with the Group's business strategies and risk policies as well as long-term interests of the Group and its shareholders, with a view to ensuring remuneration packages are sufficiently competitive to attract any new Directors with the appropriate experience and expertise, retain and motivate existing Directors to provide good stewardship of the Company and the key management personnel to successfully manage the Company for the long term.

The annual review of remuneration is carried out by the RC to ensure that the remunerations of the Executive Director and key management personnel are commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Directors (together with other key management personnel) is reviewed periodically by the RC and the Board. The Executive Director does not receive Directors' fees.

Accordingly, in relation to the Executive Director and the key management personnel, the RC is of the view that, in order to foster the creation of long-term shareholder value, a meaningful portion of their compensation should be contingent upon the financial performance of the Group. In connection thereto, the remunerations of the Executive Director and the key management personnel primarily comprise a basic salary component and a variable component (which is inclusive of bonuses and other benefits).

Further to this, some of the performance-related elements of remuneration that the RC has at its disposal are the Zixin ESOS and the Zixin PSP, which were approved by the Company's shareholders by way of members' resolution in writing on 20 July 2015. The Zixin ESOS and Zixin PSP are administered by the RC and these performance related elements of remuneration have been designed to align the interests of Executive Director, Management and staff with those of shareholders and to link their rewards to corporate and individual performance. In this regard, the Zixin ESOS and Zixin PSP serve as long-term incentive schemes for the Company to provide greater flexibility in structuring market-competitive compensation packages for eligible Group employees, Executive Director and Non-Executive Directors (including the Independent Directors), including those who are also controlling shareholders. These schemes provide an additional tool for the Company to reward, retain and motivate a core group of Directors, executives and employees so as to build sustainable businesses in the long term.

The Directors' fees for Non-Executive and Independent Directors are set in accordance with a remuneration framework based on the level of responsibility and scope of work. The Non-Executive Directors are paid Directors' fees in accordance with their level of contributions, taking into account factors such as efforts and time spent, as well as responsibilities and obligations of the Directors. Other factors taken into consideration include the current market circumstances, long-term interests and risk policies of the Company, and the need to attract directors of experience and standing. The Non-Executive and Independent Directors' fees are compared against market standards to ensure that they are in line with market norms and to ensure that their independence is not compromised.

The Board has endorsed the remuneration framework. In addition, payment of Directors' fees is subject to approval by the shareholders at the AGM of the Company.

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PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The remuneration framework is based on policies which are aligned with the interests of shareholders and to support the Group's business with the aim of retaining key capabilities, provide sound and structured funding of remuneration in ensuring affordability and sustainable value creation. Competitive remuneration packages are offered to attract and retain experienced individuals. The remuneration policies, the procedures for setting remuneration and the relationships between remuneration, performance and value creation are described in Principles 6 and 7 above.

Details of remuneration for the Directors and key management personnel in FY2024 are set out in the table below.

	Salary % ⁽¹⁾	Performance Based Bonus % ⁽¹⁾	Directors' Fees %	Other Benefits ⁽²⁾ %	Total %
Executive Directors					
S\$250,000 and below					
Liang Chengwang	100	-	-	-	100
Non-Executive and Independent Directors					
S\$250,000 and below					
Lawrence Chen Tse Chau (Chen Shichao)	-	-	100	-	100
Ng Poh Khoon	-	-	100	-	100
Xue Congyan	-	-	100	-	100
Key management personnel⁽³⁾					
S\$250,000 and below					
Yi Ming	100	-	-	-	100
Jee Meng Kwang	100	-	-	-	100

Notes:

- (1) Salary and performance-based bonus include employer's contributions to the Central Provident Fund.
- (2) Other benefits, where applicable, include granting of share options under the Zixin ESOS and granting of awards under the Zixin PSP.
- (3) The Company has only two (2) key management personnel who are not directors or the CEO of the Company.

The Company believes that disclosures in relation to the aggregate remuneration of the respective Directors and key management personnel may be prejudicial to its business interests given the highly competitive industry it is operating in. Accordingly, in order to prevent competitors from knowing salaries offered by the Company to its Directors and the key management personnel of similar status in the Company, the Company has instead disclosed the remunerations for its Directors and the key management personnel in percentage terms and in bands of S\$250,000 (with a breakdown of the components in percentage). The RC has reviewed the practice of the industry in this regard, weighing the advantages and disadvantages of such disclosure.

Further to the above, the Company confirms that in FY2024 there were no termination, retirement and post-employment benefits granted to the Directors and key management personnel. In addition, no performance bonuses were paid to the Executive Directors. No Directors, key management personnel or employees were issued shares under the Zixin PSP or Zixin ESOS schemes.

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Mr Liang Chengwang is a substantial shareholder of the Company. His respective shareholding in the Company is set out in the table below:

Name	Position	Shareholding	
		Direct	Indirect
Liang Chengwang	Executive Chairman and Chief Executive Officer	Nil	242,622,600 ordinary shares ⁽¹⁾ (15.27%)

Note:

(1) Mr Liang Chengwang is deemed to be interested in the 242,622,600 ordinary shares held by CGS International Securities Singapore Pte. Ltd. as his nominee.

None of the employees in the Company or any of its principal subsidiaries whose remuneration exceeds S\$100,000 during the year is an immediate family member of a Director, the CEO or substantial shareholder of the Company or any of its principal subsidiaries.

The Company has adopted the Zixin ESOS and the Zixin PSP which will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Such Schemes form an internal component of the compensation plan and are designed to primarily reward and retain Directors and employees whose services are vital to the growth and performance of the Group. As at the date of this Annual Report, no options were granted under the Zixin ESOS whereas share awards under the Zixin PSP for 61,000,000 ordinary shares were granted to the senior management of the Company on 22 March 2024.

Further details of the Schemes are set out in the “Directors’ Statement” section of this Annual Report.

III. ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

The Board is responsible for the Group’s overall internal control framework and for ensuring that Management complies with the Company’s risk management framework and policies. In this regard, the Board, through the AC, ensures that the Management regularly reviews and improves the Group’s internal controls and implements effective risk management policies to control and mitigate any identified areas of significant business and operational risks so as to safeguard shareholders’ interest and the Company’s assets. The internal controls in place will address the financial, operational, compliance as well as information technology risks and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss, that there is maintenance of proper accounting records, that financial information is reliable and that assets are safeguarded.

Having considered the Company’s business operations and taking into account its nature, scope and scale, as well as the existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being. Notwithstanding this, the Board recognises that all risk management and internal control systems contain inherent limitations and that no cost-effective internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risks of failure to achieve business objectives and can only provide reasonable but not absolute assurance against misstatements or losses. Further to this, the Board also notes that there is no risk management and internal controls system that could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

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Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by management, AC, and the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance risks, and information technology controls) and risk management systems were adequate and effective for FY2024.

The Board has received assurance from the CEO and CFO that the financial records of the Group for FY2024 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances. In addition, the CEO and the key management personnel have also given assurance to the Board that the risk management and internal control systems are adequate and effective in addressing the financial, operational, compliance and information technology risks.

PRINCIPLE 10: AUDIT COMMITTEE

The Board has an AC which discharges its duties objectively.

The Company has established the AC which is guided by the terms of reference approved by the Board.

As at the date of this Annual Report, the AC comprises three (3) members all of whom, including its Chairman, are Non-Executive and Independent Directors. The members of the AC are:

- | | |
|---|---|
| (a) Lawrence Chen Tse Chau (Chen Shichao)
<i>(appointed as a member on 26 October 2020 and redesignated as Chairman on 8 September 2023)</i> | Non-Executive and Lead Independent Director |
| (b) Xue Congyan
<i>(appointed as a member on 8 August 2019)</i> | Non-Executive and Independent Director |
| (c) Ng Poh Khoon
<i>(appointed as the Chairman on 13 August 2018 and redesignated as a member on 8 September 2023)</i> | Non-Executive and Independent Director |

The AC as a whole has many years of experience in senior management positions and possesses recent and relevant accounting or related financial management expertise or experience. The Board is of the view that collectively, the AC Chairman and members, having recent and relevant accounting and/or related financial management expertise and experience, are appropriately qualified to discharge their responsibilities. More detailed profiles of the Directors are set out in the "Board of Directors" section of this Annual Report.

None of the committee members of the AC are former partners or directors of the Company's existing audit firm:

- (a) within a period of two (2) years commencing on the date of their ceasing to be a partner of the audit firm; and
- (b) for as long as they have any financial interest in the auditing firm.

The AC's primary function is to provide assistance to the Board of Directors by fulfilling its responsibilities relating to corporate accounting and auditing reporting practices of the Company, the quality and integrity of the financial reports of the Company, and the Company's system of internal controls regarding finance, accounting, legal compliance and ethics as established by the management and the Board.

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In this regard, responsibilities and principal functions of the AC, as set out in its terms of reference, include:

- (a) reviewing with the external auditors on the audit plan, the evaluation of the system of internal accounting controls that are relevant to the audit, the audit report and the management letter and Management's response;
- (b) ensuring co-ordination where more than one (1) audit firm is involved;
- (c) reviewing significant financial reporting issues, judgements, and the half-yearly and annual financial statements to ensure integrity of the said financial statements before submission to the Board for approval, including advising the Board if changes are needed to improve the quality of future interim financial statements or financial updates;
- (d) reviewing any formal announcements relating to the Company's financial performance;
- (e) discussing problems and concerns, if any, arising from the quarterly and final audits, in consultation with the external auditors and the internal auditors where necessary;
- (f) meeting with the external auditors and the internal auditors without the presence of Management, at least annually, to discuss any problems and concerns they may have;
- (g) reviewing the assistance given by Management to the external auditors;
- (h) reviewing annually the adequacy, effectiveness, scope and results of the external audit and its cost effectiveness and the nature and extent of non-audit services (if any) to the Company, as well as the independence and objectivity of the external auditors;
- (i) reviewing the internal audit program and the adequacy, effectiveness, independence, scope and results of the Company's internal audit function, ensuring that such functions are adequately resourced and has appropriate standing within the Company as well as ensuring co-ordination between the internal auditors and the external auditors and Management;
- (j) overseeing and advising the Board in formulating its risk policies to effectively identify and manage the Company's current (and future) risks in its financial, operational, compliance and information technology systems and all strategic transactions to be undertaken by the Company;
- (k) overseeing the design and implementation of the overall risk management systems and internal control systems (including financial, operational, compliance and information technology controls);
- (l) reviewing the adequacy and effectiveness of the Company's risk management and internal control systems (including financial, operational, compliance and information technology controls) and to report to the Board annually;
- (m) reviewing and discussing with the external auditors, any suspected fraud or irregularity, or suspect infringement of any law, rules and regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response;
- (n) investigating any matter within its terms of reference, with full access to and cooperation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;

CORPORATE GOVERNANCE REPORT

- (o) reviewing the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow up actions to be taken;
- (p) reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (q) reviewing interested person transactions falling within the scope of the Catalist Rules;
- (r) approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting firm/auditing firm or corporation which the internal audit function is outsourced and ensuring that the internal audit function is staffed with persons with the relevant qualification and experience and that they carry out their function according to the standards set by nationally or internationally recognized professional bodies, including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors;
- (s) recommending to the Board the appointment, re-appointment and removal of the external auditors, and the remuneration and terms of engagement of the external auditors;
- (t) reviewing the audit representation letters before consideration by the Board, giving particular consideration to matters related to non-standard issues;
- (u) undertaking such other reviews and projects as may be requested by the Board; and
- (v) undertaking such other functions and duties as may be required by statute or the Catalist Rules, and such amendments made thereto from time to time.

The Board has delegated to the AC the authority to investigate any matter within its terms of reference. This authority includes further reviews of the assurance from the CEO and CFO on the financial records and financial statements put before the Board. The AC has full access to and the cooperation of Management. It has full discretion to invite any Director or executive officer, including any Director from any subsidiary board within the Group, to attend its meetings and has various resources, including external consultants, to enable it to discharge its responsibilities properly. The auditors, both internal and external, have unrestricted access to the AC.

The duties of the AC will entail fulfilling its terms of reference as set out above. During FY2024, the AC reviewed the half-yearly and full-year financial results, the quality and reliability of information prepared for inclusion in financial reports, policies and practices put in place by Management, results of the audits performed by internal and external auditors, and the register of interested person transactions. In addition, the AC also reviewed risk profiles and adequacy of the internal audit function, audit plans and scope, the effectiveness of the internal audit, and interviewed potential audit firms that were considered for appointment in place of RT LLP (“RT”).

The AC has full access to and the co-operation of Management and reasonable resources to enable it to discharge its functions properly. The AC meetings are held with the external auditors and by invitation, any Director and representatives from Management. The AC also, where necessary, meets with the external auditors and the internal auditors without the presence of Management at least annually to discuss any problems and concerns they may have. In the review of the financial statements for FY2024, the AC had discussed with Management and the external auditors the accounting principles that were applied and its judgement of items that might affect the integrity of the financial statements. Further to this, the AC had deliberated the key audit matters (“KAMs”) presented by the external auditors together with Management. The AC had reviewed the KAMs and concurred with the external auditors and Management on their assessment, judgements and estimates on the significant matters reported by the external auditors as set out under the Independent Auditor’s Report on pages 82 to 87 of this Annual Report.

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The AC has separately met with the external auditors once in the absence of Management for FY2024.

RT had been appointed to audit the accounts of the Company and the Company's subsidiaries (both in Singapore and in China) for the purposes of consolidation of the accounts at the Group level for FY2024.

Further to the above, the AC also reviewed the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them. RT LLP has not been engaged to perform any non-audit services for the Group. In this regard, the amount of fees that have been paid to RT for audit services for FY2024 is S\$160,000.

The external auditors have also briefed the AC members on the developments in accounting standards (where applicable) during AC meetings to keep the AC members abreast of changes to the accounting standards and issues which have a direct impact on financial statements.

The AC, having reviewed the independence and objectivity of the external auditors as required under Section 206(1A) of the Companies Act 1967, is satisfied that the independence and objectivity of the external auditors is not affected. Further to this, after taking into account the resources and experience of RT and the audit engagement partner assigned to the audit, RT's other audit engagements, the size and complexity of the audit for the as well as the number and experience of the staff assigned by RT for the audit, the Board and the AC are of the view that RT is able to meet its audit obligations. In addition to having received the necessary confirmation that the audit team from RT has complied with and adhered to the Audit Quality Indicators Disclosure Framework published by ACRA, the AC has recommended to the Board that RT be nominated for re-appointment as the auditor of the Company at the forthcoming AGM.

The Board recognises that it has a responsibility to maintain a system of internal control processes to safeguard shareholders' investments and the Group's business and assets. Periodic reviews and testing of the system of internal controls is an important exercise to ensure that the control mechanism in place is working in the intended manner for which it is designed.

While the importance of working internal controls cannot be discounted, the Board also recognises that the size of the Group may not warrant, and it will not be a cost-effective or efficient solution to have an internal audit function and team within the organisational setup. Accordingly, the Company has outsourced its internal audit function to Enrome Advisory Pte. Ltd. ("**Enrome**"), a suitably appointed qualified firm of accountants which meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The engagement team assigned by Enrome comprises two (2) members, and is headed by a director who has more than ten (10) years of experience in internal controls advisory, compliance, external audit and sustainability reporting for medium to major listed organisations in diverse industries (including food and beverage industry).

In assessing the engagement of Enrome, the AC has considered factors such as the resources of the internal auditors, the experience of the engagement team and the independence of the internal auditors from the activities that it audits. Enrome reports functionally to the AC, and administratively to the CEO and the CFO.

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The AC ensures that management provides good support to the internal auditors and provides them with unfettered access to documents, records, properties, and personnel when requested in order for the internal auditors to carry out their function accordingly. To ensure adequacy of the internal audit function, the AC also reviews and approves the internal auditor's scope of work. Non-compliance and internal control weaknesses noted during the internal audit and the recommendations thereof are reported to the AC as part of the review of the Group's internal control system. The AC also ensures that the approved audit recommendations are adequately performed.

The Company also has in place a "Whistle-blowing" policy by which staff may, in confidence, raise concerns either verbally or in writing (via email) about possible improprieties in matters of financial reporting or other matters within the Company to the Board as well as the AC directly. The Company is committed to ensuring protection of any whistleblower against detrimental or unfair treatment by designating the AC, which comprises solely Non-Executive and Independent Directors, to be responsible for oversight and monitoring of whistle-blowing matters. The objective of the "Whistle-blowing" policy is to ensure that arrangements are in place for independent investigations of such matters and for appropriate follow-up action to be taken. In accordance with the rules of the "Whistle-blowing" policy, when a complaint is first received and deemed to be credible or which is assessed by the AC to merit further investigations. Following such investigations and upon further evaluation of the complaint and the findings of its investigations, the AC will then decide on the appropriate action to take, including but not limited to recommending disciplinary or remedial action, if any. The action determined by the AC to be appropriate shall then be brought to the Board or to the appropriate members of senior management for authorisation or implementation, respectively. To ensure the effectiveness of the Whistle-blowing policy, the AC ensures that the identity of the whistle-blower remains confidential to all except for the AC. This is done by enforcing certain measures such as (1) ensuring any interviews conducted with the whistle-blower is done without the presence of any other employees of the Company or management, and (2) the whistle-blower's identity shall be redacted in any subsequent reports on the whistle-blowing matter or interviews with other parties involved. These measures ensure that the identity of the whistle-blower remains confidential and protects the integrity of the whistle-blowing function. In order to achieve the objectives of the "Whistle-blowing" policy, Management has communicated the "Whistle-blowing" policy to the Group's employees and copies of it are also available at the Company's offices in China. There were no whistle-blowing reports received in FY2024.

The AC has reviewed the adequacy and effectiveness of the Group's internal audit function annually and is satisfied that for FY2024, the Group's internal audit function was independent, adequately resourced and had the appropriate standing in the Company to discharge its duties effectively (given, *inter alia*, its adherence to standards which is in line with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors as well as the internal auditor's unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC, and has appropriate standing within the Company). Accordingly, the Board and AC are of the view that the Group's internal audit function was independent, effective and adequately resourced for FY2024.

This is further supported by the assurances that the Board and the AC had received from the CEO and the CFO that:

- (a) the financial records of the Group have been properly maintained and the financial statements for FY2024 give a true and fair view of the Group's operations and finances; and
- (b) the risk management system and internal controls in place within the Group are adequate and effective in addressing the key financial, operational, compliance and information technology risks in the Group.

CORPORATE GOVERNANCE REPORT

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company is committed to treating all of its shareholders fairly and equitably and to facilitating the exercise of shareholders' rights. In this regard, the Board also regards the general meetings as opportunities to communicate directly with the shareholders and encourages greater shareholder participation. During these general meetings, shareholders are able to engage the Board and Management on the Group's business activities, financial performance and other business-related matters. Further, policies and procedures are implemented to ensure that there is adequate disclosure of developments in the Group including, but not limited to, results announcements, any other material information or press releases made available to the public through the SGXNet in accordance with the Catalist Rules.

To facilitate participation by shareholders, all general meetings of the Company are held in Singapore. Shareholders have the opportunity to participate effectively in and to vote at general meetings of shareholders. Shareholders are informed of the rules, including voting procedures, that govern general meetings of shareholders.

Pursuant to legislative amendments and taking into account the guidelines by the SGX-ST, the Company's AGM in respect of FY2024 will be held wholly in physical format.

The Company also tables separate resolutions at general meetings of shareholders on each substantially separate issue. "Bundling" of resolutions are kept to a minimum and are done only where the resolutions are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting. In compliance with Rule 730A(2) of the Catalist Rules, resolutions tabled at general meetings of shareholders will be put to vote by poll, using polling slips, the procedures of which will be explained by the appointed scrutineer(s) at the general meetings of shareholders.

General meetings of the Company are chaired by the Executive Chairman and CEO (or in other cases, the Lead Independent Director), and are also attended by other Directors, Management, the Company Secretary and if necessary, the external and internal auditors. At all general meetings, shareholders are given the opportunity to air their views and to ask the Chairman, the individual Directors and the Chairmen of the Board Committees questions regarding the Company. The external auditors are also present to assist the Board in addressing shareholders' queries about the conduct of the audit, and the preparation and contents of the auditors' report, if necessary. All Directors have attended all general meetings held during FY2024.

The Company encourages shareholders to attend and participate actively during the general meetings to gain a better understanding of the Group's businesses and to be informed of the Group's strategic goals and objectives. Shareholders are able to engage the Board and Management on the Group's business activities, financial performance and other business-related matters during the general meetings. In this regard, in order to ensure that Shareholders are able to participate effectively in the general meetings, notices of general meetings are dispatched to the shareholders at least 14 days before the meeting if ordinary business are to be transacted at the meeting or at least 21 days before the meeting if special business are to be transacted at the meeting.

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The Company's Constitution allows any shareholder, who is unable to attend the general meetings in person, to appoint not more than two (2) proxies to attend and vote in his/her place at the general meetings via proxy forms submitted in advance (i.e. not less than forty-eight (48) hours before the time appointed for holding the general meeting). The proxy form is sent with the notice of general meetings to all shareholders. The Company does not provide for absentia voting methods such as by mail, email, or fax due to concerns as to the integrity of such information and authentication of the identity of shareholders voting by such means.

A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

The Company's usual practice is that the company secretary prepares minutes of general meetings, which incorporate substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management. The Company's current practice is that the minutes of AGMs will be made available on its corporate website along with the SGXNet.

The Company does not have a formal dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business conditions, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to shareholders via announcements released on SGXNet. However, there can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future.

The Board, after much deliberation and consideration, has decided not to recommend that the Company declare dividends for FY2024. The decision not to distribute dividends stems from the Group's strategy to preserve its cash resources, taking into account the uncertainty of market conditions and the expansion of its operational activities in the upcoming year. By conserving cash resources, the Group aims to safeguard its ongoing operations and the progress of completions of renovations and equipment and machinery acquisition in the new factory. This approach is intended to prevent significant disruptions to the completions timeline, as any delays would lead to increased overall costs. In addition, the Group intends to retain its cash resources for exploring any opportunities in increasing contracted farmlands through co-operatives which will require advance payment for supplies of sweet potato.

The Board will continue to observe the situation and assess, among others, the Group's financial performance and position in respect of the relevant financial period, before deciding on whether to declare dividends.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

The Board values dialogue with shareholders and believes in regular, effective and fair communication with them and is committed to hearing shareholders' views and addressing their concerns where possible. Accordingly, the Company has put in place an investors' relations policy which places an emphasis on ensuring that all shareholders should be equally and in a timely manner informed of all major developments that impact the Group. In this regard, information is communicated to shareholders on a timely basis via the SGXNet and its own corporate website through, *inter alia*:

- (a) annual reports that are issued to all shareholders;
- (b) half-yearly financial results containing a summary of the financial information and affairs of the Group;
- (c) timely announcements and disclosures made pursuant to the Catalist Rules;

CORPORATE GOVERNANCE REPORT

- (d) notices of general meetings; and
- (e) circulars or letters to shareholders to provide the shareholders with more information on its major transactions which require shareholders' approval.

The Group monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis. Half-yearly and full-year results as well as the annual report are announced or issued within the mandatory period.

The Board does not practise selective disclosure and adheres to the continuous disclosure obligations of the Company pursuant to the Catalist Rules and the investors' relation policy set out above. All disclosures will be made on a timely basis through SGXNet. Accordingly, the Group issues announcements and news releases on an immediate basis when required under the Catalist Rules. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that the stakeholders and the public have fair access to the information.

Apart from encouraging shareholders to participate actively, communicate directly with and engage the Board and Management through general meetings, the Company also solicits the views of the shareholders through analyst briefings and meetings with investors and fund managers. The Company has engaged an external investor relationship firm for the purposes of facilitating communications with its shareholders as well as attending to their queries and concerns. This is in line with the objectives of the Company's investors' relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. The contact details of the external investor relationship firm are set out in the "Corporate Profile" section of this Annual Report.

Further to this, the Company is also open to meetings with investors and analysts, and in conducting such meetings, the Company is mindful of the need to ensure fair disclosures. In addition, the notices of general meetings are advertised in the press and published via SGXNet.

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

A fundamental aspect of creating shared value within the communities is effective communication and dialogue with the Group's stakeholders. Accordingly, the Company recognises that a strong network of people, organisations, and communities would enable the Company to obtain a better understanding of the issues that are important or have direct or indirect impact to the Group's business.

The Group has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationship with such groups. The Group identifies stakeholders as groups that have an impact, or have the potential to be impacted by the Group's business, as well as external organisations that have expertise in aspects that the Group considers material. The feedback the Group receives from stakeholders helps to determine the Group's material topics and identifies focus areas. Stakeholders of the Company include, but are not limited to, customers, employees, suppliers and subcontractors, and shareholders and investors.

More information on the Group's material stakeholders, sustainability efforts (including its strategy and key areas of focus), and performance can be found under the "Sustainability Report" which will be published in accordance with Rule 711A of the Catalist Rules.

In addition, the Company also communicates and engages with its stakeholders via its website at <https://www.zixingroup.com.sg/>.

CORPORATE GOVERNANCE REPORT

OTHER CORPORATE GOVERNANCE MATTERS

DEALING IN THE COMPANY'S SECURITIES

Pursuant to Rule 1204(19) of the Catalist Rules, the Company has adopted an internal policy on dealings in the securities to provide guidance to its Directors and officers with regard to dealings in the Company's securities.

The Company, its Directors and officers are prohibited from dealing in the Company's securities during the period commencing one (1) month before the announcement of the Company's half year and full year financial statements and ending on the date of announcement of the relevant results. In addition, both Directors and employees are prohibited from dealing in securities of the Company while in possession of price-sensitive information of the Group. Notifications of the 'closed window' periods are sent to all Directors and officers concerned.

The Directors are also required to notify the Company of any dealings in the Company's securities within two (2) days of the transaction and to submit an annual confirmation on their compliance with the internal policy. In addition, the Company, its Directors and officers are discouraged from dealing in the Company's securities on short-term considerations. The Board confirms that as at the date of this Annual Report, the Company has complied with Rule 1204(19) of the Catalist Rules.

MATERIAL CONTRACTS

Pursuant to Rule 1204(8) of the Catalist Rules, there were no material contracts entered into by the Group involving the interests of the CEO, any Director or controlling shareholder of the Company, which are either still subsisting as at the date of this Annual Report, or if not then subsisting, entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS

To ensure compliance with the relevant rules under Chapter 9 of the Catalist Rules on interested person transactions, the Company has established internal control procedures to ensure that any interested person transaction proposed to be entered into is regularly reviewed by the Board and Audit Committee and if so, to ensure that the Company complies with the requisite rules under Chapter 9.

If the Company does enter into an interested party transaction, and a potential conflict of interest arises, the Director concerned will abstain from any discussions and will also refrain from exercising any influence over other members of the Board.

There were no interested person transactions which were more than S\$100,000 entered into during FY2024. The Group does not have any general mandate from shareholders pursuant to Rule 920 of the Catalist Rules for the current financial year.

NON-SPONSOR FEES

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. RHB Bank Berhad, through its Singapore branch ("**RHB**") is currently the continuing sponsor of the Company.

During FY2024, there were non-sponsor fees paid to RHB amounting to S\$32,700.

SUSTAINABILITY REPORTING

Pursuant to Rule 711A and 711B of the Catalist Rules, the Company's sustainability report is set out from pages 25 to 48 of this Annual Report.

CORPORATE GOVERNANCE REPORT

USE OF PROCEEDS FROM PLACEMENT

The Company had previously raised S\$11,900,000 in net proceeds (the “**Placement Net Cash Proceeds**”) from the placement of 500,000,000 new ordinary shares in the Company, which was completed on 19 November 2021 (the “**Placement**”). Following the Company’s previous update on the utilisation of the Placement Net Cash Proceeds in its unaudited financial statements for the financial year ended 31 March 2024 dated 30 May 2024, the utilisation of the Placement Net Cash Proceeds as at the date of this Annual Report is set out as follows:

	Balance brought forward from 30 May 2024 (\$’000)	Amount utilised as at the date of this Annual Report (\$’000)	Balance (\$’000)
Renovation expenses, and acquisition of equipment and machinery for Fujian Zixin’s new manufacturing facilities	7,573	981	6,592

USE OF PROCEEDS FROM RIGHTS CUM WARRANTS ISSUE

The Company has also raised S\$2,104,000 in net proceeds (the “**Rights Net Cash Proceeds**”) from the issuance of 144,481,810 rights shares and with 577,927,240 free detachable warrants, in which the rights shares and warrants were duly issued on 21 June 2024 and 24 June 2024 respectively. The utilisation of the Rights Net Cash Proceeds as at the date of this Annual Report is set out as follows:

	Amount allocated (\$’000)	Amount utilised as at the date of this Annual Report (\$’000)	Balance (\$’000)
Expansion of the Group’s business and operations in the People’s Republic of China	1,262	–	1,262
General working capital for the Group’s activities in Singapore and expansion of the Group’s business and operations in Singapore ⁽¹⁾	842	317	525

Note:

(1) A breakdown of the amount utilised for the working capital of the Group is as follows:

	Working Capital (\$’000)
Summary of expenses	
Administrative Expenses	220
Employee Benefit Expenses (including Director’s remunerations)	97
Total	317