ZIXIN GROUP HOLDINGS
紫心集团控股

利用生物技术，推动营养来源发展

HARNESSING BIOTECHNOLOGY
DRIVING NUTRITIONAL SOURCES

Annual Report 2023

CONTENTS

Vision

“To bring quality and nutritional value to our lives through healthier food sources.

通过更健康的食品来源，为我们的生活带来质量和营养价值”

Mission

“Harnessing science and technology in building a sustainable integrated circular economy on sweet potatoes, and making a positive impact to the communities.

利用科技构建可持续的甘薯综合循环经济，并对社区产生积极影响”

COMPANY PROFILE

Zixin Group Holdings Limited (“**Zixin**” or the “**Company**” and together with its subsidiaries, “**Zixin Group**” or the “**Group**”) is a leading sweet potato biotech-focused integrated industrial value chain operator in China. Through its wholly-owned subsidiaries, the Group harnesses its biotechnology capabilities to strengthen and support its core business areas: (a) **cultivation and supply** – (i) research and development on sweet potato varieties to cultivate own sweet potato seedlings, (ii) sweet potato cultivation techniques and solutions to improve the quality and yield for farmlands, (iii) sweet potato seedlings cultivation base, and (iv) fresh sweet potatoes supply, (b) **product innovation and food production** – innovation of snack food and functional food, as well as production techniques to maximise nutrient retention and produce healthier proprietary branded products, (c) **brand building, marketing and distribution** – building of proprietary brands of healthier snacks through targeted marketing campaigns and various distribution platforms (traditional and e-commerce) throughout China, and (d) **recovery and recycling** – recovering nutritional content from sweet potato peels, and converting waste materials such as sweet potato peels, stems and leaves into main ingredients for poultry and animal feed. Zixin Group will continue to reinforce its circular economy business model in these four main areas to further enhance their effectiveness.

Zixin Group aims to be a leading sweet potato focused agritech operator globally, leveraging on smart ecological agriculture, utilising biotech throughout its value chain to produce quality sweet potato seedlings, healthier snack food and functional food, as well as deploying modern marketing and distribution methods such as online and retail e-commerce sales channels to complement its traditional wholesalers and distributors, to promote its proprietary brands for better market reach.

Zixin Group’s Biotech-Focused Sweet Potato Integrated Circular Economy Business Model

- Provide research and development (“**R&D**”) on high-quality sweet potato varieties
  提供优质甘薯品种研发
- Provide high-quality patented sweet potato seedlings
  提供优质专利甘薯种苗
- Provide farming solutions and techniques
  提供耕作解决方案和技术指导
- Supply of organic fertilizers and agricultural materials
  有机肥料及农资供应

- Snack food and beverages production with minimal processing to lock-in nutritional content of sweet potatoes
  以最少的加工工艺生食品和饮料，以锁住甘薯的营养成分
- To establish third-party testing and inspection, and industry standard certification centre for new product R&D and introduction of advanced equipment
  成立第三方检测检验及行业标准认证中心新产品研发和先进设备引进
- In-depth R&D on nutrient-rich functional foods including healthy meal replacement, condiments, snacks and beverages
  深入研发营养丰富的功能性食品，包括健康代餐、调味品、休闲零食和饮料

- Extraction of nutritional contents from sweet potato peels before disposal (eg: purple sweet potato powder)
  处理前从甘薯皮中提取营养成分 (例:紫薯粉)
- Convert waste materials such as sweet potato stems, skins and leaves into main ingredients of animal feeds through fermentation (eg: poultry and pig feeds)
  通过发酵将甘薯茎、皮和叶等废料转化为动物饲料的主要成分 (例:家禽和猪饲料)

- Proprietary brands of healthier snack products
  打造更健康休闲食品的自有品牌
- Strengthen brand presence and targeted marketing campaigns
  加强品牌影响力和营销
- Strengthen sales through entrenched distribution platforms comprising conventional and e-commerce channels
  通过由传统和电子商务渠道组成的稳固分销平台加强销售

Zixin Group Holdings Limited is listed on the Catalist Board of the Singapore Exchange under the stock code 42W.

CHAIRMAN'S LETTER TO SHAREHOLDERS

"We will strive towards rebuilding profitability for the Group with our established industrial value chain in Liánchéng County and replicating our successful business model progressively with selected regions in China."

Liang Chengwang
Executive Chairman & Chief Executive Officer

Revenue
219.6 RMB million
FY2022: RMB 289.1 million

Gross Profit
59.2 RMB million
FY2022: RMB 77.6 million

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

As countries started to move progressively from the pandemic phase to an endemic phase towards the end of 2022, the Chinese government remained committed to its stringent measures and "zero-COVID" policy which it had implemented since early 2020 to control the outbreak of COVID-19. The policy mandated strict measures including, but not limited to, controlling human traffic in each city to reduce the flow and concentration of people, and issuing directives mandating the temporary closure of business operations of all enterprises, including those of the Group's subsidiaries in China.

This "zero-COVID" policy resulted in disruptions across the supply chain, spurring inflationary pressure on raw materials and logistics. In December 2022, the Chinese government's sudden shift away from the policy led to a surge in COVID-19 infections across the nation, resulting in a substantial number of the Group's employees being infected in December 2022 and January 2023, and causing a temporary cessation of the Group's operations in China. In addition, the harvesting of sweet potatoes from the Group's contracted farmlands could not be carried out as the farmers were also infected with COVID-19. All this resulted in a lower volume of fresh sweet potatoes and snack food products available, particularly from December 2022 to March 2023. Hence, we missed out on the potential sales for the peak Chinese New Year season, which dampened our revenue in the second half of FY2023 and resulted in an adverse impact on the Group's financial performance for the financial year ended 31 March 2023 ("**FY2023**").

For FY2023, the Group recorded a 24.0% year-on-year decline in revenue from RMB 289.1 million for the financial year ended 31 March 2022 ("**FY2022**") to RMB 219.6 million. The gross profit decreased in tandem with the lower revenue despite a better sales mix of higher-margin snack products that lifted gross profit margin slightly from 26.8% in FY2022 to 27.0% in FY2023. The lack of economies of scale on the back of rising inflationary pressure despite stringent cost management efforts, resulted in the Group recording a net loss after tax of RMB 14.2 million in FY2023, a reversal from a net profit of RMB 3.7 million in FY2022.

"We saw the critical need to improve our sales revenue as well as costs savings through the management of perishability and disposal."

In All Readiness

Whilst Zixin Group was established as a biotechnology company with a focus on sweet potatoes, it took us many years of effort and persistence to build a sustainable and integrated circular economy industrial value chain, achieving a breakthrough in the traditional and fragmented agricultural industry.

The sweet potato agricultural sector is often faced with constant constraints of (i) the high possibility of spoilage due to the perishability of fresh sweet potatoes after harvest, and (ii) the higher proportion of waste materials of sweet potato stems, leaves, and peels produced against the harvests of consumable sweet potatoes. This is despite our competencies in providing quality sweet potato seedlings and modern farming solutions and techniques to raise harvest yield and quality of sweet potatoes. We saw the critical need to improve our sales revenue as well as costs savings through the management of perishability and disposal.

The initiative by the Liánchéng County Government in allocating land, constructing premises, and offering favourable lease terms, in a bid to attract third-party operators in the areas of cold storage warehousing and animal feed manufacturing to support the sweet potato agricultural industry in Liánchéng County in response to the nation's drive to accelerate growth in the agricultural sector, is timely and a boon to our Group.

We will be able to maintain the freshness and increase the shelf life of sweet potatoes with the cold storage warehouses. This will reduce the risk of spoilage and open up the opportunity for us to increase our cultivation base which in turn, could potentially raise our earnings from sales of fresh sweet potatoes and semi-processed sweet potato products given the ability to store the fresh produce longer.

CHAIRMAN’S LETTER TO SHAREHOLDERS

> “Barring any unforeseen circumstances, we expect to return to profitability in FY2024 as the supporting industries will commence operations in the fourth quarter of 2023, in order to be in time for the harvesting season.”

Apart from that, the three blocks meant for fermentation plants, out of the intended 17 blocks of standard factory buildings to support the recovery and recycling of sweet potato waste materials where waste is converted into base ingredients for animal feeds, will allow us to monetise our prior research and development (“**R&D**”) success in producing nutritional and cost-efficient base ingredients of animal feed from waste materials including spoiled sweet potatoes, and sweet potato peels, stems and leaves with our proven probiotics fermentation solutions and techniques. We could potentially supply waste resources from our own contracted farmlands of 8,268.6 mu as well as those in Liánchéng County and around the outskirts of the county, which is in an aggregate of approximately 390,000 mu of cultivable sweet potato farmland.

The completion of our infrastructure comprising a high-tech manufacturing facility, research laboratories and office in March 2023, led us to commence the purchase and installation of equipment and machinery as well as the interior furnishings for the built-up area of approximately 23,000m^2. We estimate the commissioning of the production capacity to recover nutrients from sweet potato peels to produce 35,000 tonnes per annum of functional food including purple sweet potato powder that can be used in the bakery industry, to commence by end of the financial year ending 31 March 2024 (“**FY2024**”). This could potentially allow the Group to monetise our prior R&D investment, and at the same time, maximise the discarded sweet potato peels before sending them to the fermentation plants as waste resources for the base ingredients of animal feeds.

We believe our ability to better manage our upstream sources of consistently good quality and supply of seedlings and fresh sweet potatoes will further lower our business risk and bring forth sustainable growth across our integrated circular economy industrial value chain. Barring any unforeseen circumstances, we expect to return to profitability in FY2024 as the supporting industries will commence operations in the fourth quarter of 2023, in order to be in time for the harvesting season.

Tailwinds Abound

Being one of the first-movers in agri-tech more than 10 years ago, we have experienced an uphill climb. We are truly thankful that our relentless efforts in demonstrating the feasibility of incorporating science and technology into agricultural processes has transformed us into an integrated agri-tech industrial value chain operator.

Our prior years of investments in R&D were targeted at addressing our internal concerns as we construct the industrial value chain. According to the ‘2023 China Agriculture and Rural Trend Report: Accelerate the construction of an agricultural power’ [(1)], it was mentioned that China’s 14th Five-Year Plan emphasised food security and the Chinese government’s determination to expand the agricultural sector to safeguard against the declining global food supply and high food prices in the international markets.

We think it is timely to expand our agricultural genomics research coverage to the whole of China. We believe our expansion into data and analytics to unlock valuable insights, which can potentially enhance the genomics of sweet potato varieties and cultivation solutions to address the suitability of cultivation in agricultural driven regions in China, and be the game changer for the nation. This spurred our strategic collaboration agreement with the Agricultural Genomics Institute at Shenzhen which is a government-supported scientific research organisation held by the Chinese Academy of Agricultural Sciences [(2)] (the “**Strategic Collaboration**”).

CHAIRMAN'S LETTER TO SHAREHOLDERS

To utilise the valuable resources from the Strategic Collaboration, we have also formed a joint venture, Shenzhen Zixin Provenance Biotechnology Co., Ltd., with Fujian Good Villa Agroecological Technology Co., Ltd, and AgSino China Digital Nutrition Technology (Shenzhen) Co., Ltd., who have the expertise in agroecology and digital agriculture, respectively. We believe this initiative will accelerate growth and innovation for the sweet potato industry in China, when implemented through our integrated circular economy industrial value chain business model.

Correspondingly, we also believe our initiatives and efforts could contribute positively to the local communities in the agricultural sector and be of some assistance in addressing national food security concerns. The recent announcements about our participation in rural revitalisation projects [3-5] – in Língāo County, Hǎinán Province, and Lánkǎo County, Kāifēng City, Hénán Province, will demonstrate Zixin Group's scalable integrated circular economy industrial value chain beyond our base in Liánchéng County, Fújiàn Province.

We are truly appreciative of the patience and support of our stakeholders, particularly our employees, business partners, and shareholders, as we strive towards enhancing agricultural modernisation in the sweet potato agricultural industry and driving economic developments in a bid to revitalise the rural villages in China. Material developments of the Group will be announced as and when they arise.

Acknowledgements and Appreciation

On behalf of the Board, I would like to express my gratitude to all members of the Group for their dedication and hard work, and also our fellow Directors for their valuable guidance and support, as we emerge from the pandemic with a stronger foundation.

We are thankful to our business partners, customers, and shareholders, for your continuous support and confidence in our sustainable integrated sweet potato circular economy industrial value chain business model. We will strive towards rebuilding profitability for the Group with our established industrial value chain in Liánchéng County and replicating our successful business model progressively in those selected regions in China.

Liang Chengwang
Executive Chairman & Chief Executive Officer

Source:

(1) International Poverty Reduction Center in China https://www.iprcc.org.cn/article/4BdUtWxl32D;

(2) Zixin Group enters into strategic collaboration with the Agricultural Genomics Institute https://links.sgx.com/1.0.0/corporate-announcements/0NRXBCEFNT4NHTCV/a79072cbb4acd7772eb13cc0216fb53109ba644632e0a646890ea1662fbce7c1;

(3) Zixin Group and JV Partners commence Rural Revitalisation Project https://links.sgx.com/1.0.0/corporate-announcements/PPKGUBE3MUA6QJY8/7fd839975273388d9f1ec8718746795f8cce5ef952442f0f7fd36a89d05b3c49;

(4) Zixin Group forms Joint Venture Company with reputed Joint Venture Partners in Língāo County, Hǎinán Province https://links.sgx.com/1.0.0/corporate-announcements/HT4BXHD15EREI42Y/3ca8422a9ad59198a7f151f51f305fba511eb470f09305adc4736b9ad22cf75d;

(5) Zixin Group enters agreement for Henan Rural Revitalisation Project https://links.sgx.com/1.0.0/corporate-announcements/LT3E6YC5SPH86O55/c92c5de94b5a1a94b2baf158197bc6614a03fdbe04195d2a1452714dd6ff7db5

主席致股东的信

“我们将通过在连城县建立的产业价值链，努力重建集团的盈利能力，并将我们的成功商业模式逐步复制到中国的选定地区。”

梁承旺
执行董事长兼首席执行总裁

财年收入
2.196 亿人民币
2022 财年：2.891 亿人民币

毛利
5,920 万人民币
2022 财年：7,760 万人民币

主席致股东的信

诸位股东：

随着各国在2022年底开始从疫情大流行阶段逐步进入流行阶段，为了控制新冠肺炎的疫情，中国政府仍然致力于采取严格措施和自2020年初以来实施的“清零政策”。该政策规定了严格的措施，包括但不限于控制每个城市的人流量，以减少人流的流动和集中，并发布指令要求所有企业暂时关闭业务，包括本集团在中国的子公司。

这“清零政策”导致整个供应链中断，刺激了原材料和物流的通胀压力。2022年12月，中国政府突然偏离该政策，导致全国冠病感染率激增，集团大量员工在 2022年12月和2023年1月受感染，集团在中国的业务也因此暂时停止。此外，由于农户也感染了冠病，因此本集团承包农田的甘薯收割工作也无法进行。这一切导致新鲜甘薯和休闲食品的数量减少，尤其是在2022年12月至2023年3月期间。因此，我们错过了农历新年旺季的潜在销售机会，这抑制了2023财年下半年的收入，并对集团截至2023年3月31日止财政年度（「**2023财年**」）的财务表现造成不利影响。

截至2022年3月31日止财政年度（「**2022财年**」），集团收入为人民币2.196亿元，同比下降24.0%。尽管毛利率较高的休闲食产品的销售组合有所改善，使毛利率从2022财年的26.8%小幅上升至2023财年的27.0%，但毛利与收入同步下降。尽管集团进行了严格的成本管理，但由于通胀压力不断上升，缺乏规模经济效益，导致集团在2023财年录得税后净亏损人民币1,420万元，与2022财年的净利润人民币370万元相比出现逆转。

> “我们认为迫切需要通过易腐烂和处置管理来提高我们的销售收入并节约成本。”

万事具备

紫心集团成立之初是一家以甘薯为核心的生物科技公司，但经过多年的努力和坚持，我们才打造出了一条可持续发展的、完整的循环经济产业价值链，实现了对传统、分散的农业产业的突破。

甘薯农业经常面临以下持续制约的因素：（一）由于新鲜甘薯在收成后容易腐烂，变质的可能性很高，以及（二）甘薯茎、叶和果皮废料与可消费甘薯收获的比例较高。尽管我们有能力提供优质的甘薯秧苗和现代农业解决方案与技术，以提高甘薯的收成产量和质量。我们认为迫切需要通过易腐烂和处置管理来提高我们的销售收入并节约成本。

为响应国家加快农业发展的号召，连城县政府采取划拨土地、建设厂房、提供优惠租赁条件等措施，吸引第三方冷藏仓储和饲料生产企业支持连城县甘薯农业产业发展，这一举措恰逢其时，为本集团带来了福音。

我们将能够通过冷藏仓库保持甘薯的新鲜度和保质期。这将降低变质的风险，为我们增加种植基地提供机会，而由于能够更长时间地储存新鲜农产品，这反过来又有可能提高我们从销售新鲜甘薯和半加工甘薯产品的收益。

主席致股东的信

❝除非出现任何不可预见的情况，否则我们预计将在2024财年恢复盈利，承接配套产业将于2023年第四季度开始运营，以便赶上收成季节。❞

此外，在拟建的17栋标准厂房中，有三栋用于建设发酵车间，以支持甘薯废弃料的回收和循环利用，将废料转化为动物饲料的基本要成分，这将使我们能够将之前的研发成果货币化，利用我们成熟的益生菌发酵解决方案和技术，从废料（包括变质甘薯、甘薯皮、茎和叶）中生产出营养丰富且具有成本效益的动物饲料基本成分。我们有可能从我们自己的8,268.6亩承包农田以及连城县和县城周边的农田（合计约39万亩可耕地）中提供废料资源。

我们的新基础设施包括高科技生产设施、研究实验室和办公室，已于2023年3月竣工，这促使我们开始购买和安装设备和机器，以及建筑面积约23,000平方米的内部装修。我们预计，截至2024年3月31日的财政年度（「**2024财年**」）结束前，从甘薯皮中回收营养成分，每年生产35,000吨功能性食品（包括可用于烘焙业的紫薯粉）的生产能力将开始投入使用。这有可能使集团之前的研发投资货币化，同时在将废弃的甘薯皮作为动物饲料基础成分的废物资源送往发酵厂之前，最大限度地利用这些甘薯皮。

我们相信，如果我们能够更好地管理我们的上游资源，持续提供优质种苗和新鲜甘薯，将进一步降低我们的业务风险，并在我们的综合循环经济产业价值链中实现可持续增长。除非出现任何不可预见的情况，否则我们预计将在2024财年恢复盈利，承接配套产业将于2023年第四季度开始运营，以便赶上收成季节。

顺风处处

作为十多年前农业科技领域的先行者之一，我们经历了艰难的爬坡过程。我们衷心感谢自己的不懈努力，证明了将科学技术融入农业生产流程的可行性，使我们成为农业技术产业价值链的综合运营商。

在构建产业价值链的过程中，我们前几年的研发投资都是为了解决内部问题。根据《2023中国农业和农村发展趋势报告：加快农业强国建设》[1]中提到，中国的"十四五"规划强调粮食安全，中国政府决心扩大农业领域，以应对全球粮食供应下降和国际市场粮价高企的局面。

我们认为，将我们的农业基因组学研究覆盖面扩大到整个中国是非常及时的。我们相信，我们在数据和分析领域的拓展将释放有价值的见解，从而有可能增强甘薯品种的基因组学水平和栽培解决方案，以解决中国农业发达地区种植的适宜性，从而改变中国的甘薯农业。这促使我们与中国农业科学院深圳农业基因组研究所签订了战略合作协议[2]（「**战略合作**」）。

主席致股东的信

为了充分利用战略合作中的宝贵资源，我们还将鼓龙农科和数字农技分别在生态农业和数字农业方面的专业知识整合到我们的合资企业：深圳紫心种源生物科技有限公司。我们相信，通过我们的综合循环经济产业价值链业务模式，这一举措将加速中国甘薯产业的发展和创新。

相应地，我们也相信我们的倡议和努力可以为当地社区的农业做出积极的贡献，并在一定程度上有助于解决国家粮食安全问题。最近，紫心集团宣布将参与海南省临高县和河南省兰考县的乡村振兴项目[3–5]，这将展示紫心集团在福建省连城县以外的可扩展的综合循环经济产业价值链。

我们衷心感谢各利益相关方，特别是我们的员工、业务伙伴和股东的耐心支持，我们将努力提高甘薯农业现代化水平，推动经济发展，振兴中国乡村。集团的重大发展将随时公布。

致谢

本人谨代表董事会感谢集团全体成员的奉献和辛勤工作，并感谢其他董事在我们以更坚实的基础走出疫情的过程中给予的宝贵指导和支持。

我们非常感谢我们的商业伙伴、客户和股东，感谢你们一直以来给予我们的可持续综合甘薯循环经济产业价值链商业模式的支持和信心。我们将通过在连城县建立的产业价值链，努力重建集团的盈利能力，并将我们的成功商业模式逐步复制到中国的选定地区。

梁承旺
执行董事长兼首席执行总裁

资料来源:
(1) International Poverty Reduction Center in China https://www.iprcc.org.cn/article/4BdUtWxl32D;
(2) Zixin Group enters into strategic collaboration with the Agricultural Genomics Institute https://links.sgx.com/1.0.0/corporate-announcements/0NRXBCEFNT4NHTCV/a79072cbb4acd7772eb13cc0216fb53109ba644632e0a646890ea1662fbce7c1;
(3) Zixin Group and JV Partners commence Rural Revitalisation Project https://links.sgx.com/1.0.0/corporate-announcements/PPKGUBE3MUA6QJY8/7fd839975273388d9f1ec8718746795f8cce5ef952442f0f7fd36a89d05b3c49;
(4) Zixin Group forms Joint Venture Company with reputed Joint Venture Partners in Língāo County, Hǎinán Province https://links.sgx.com/1.0.0/corporate-announcements/HT4BXHD15EREI42Y/3ca8422a9ad59198a7f151f51f305fba511eb470f09305adc4736b9ad22cf75d;
(5) Zixin Group enters agreement for Henan Rural Revitalisation Project https://links.sgx.com/1.0.0/corporate-announcements/LT3E6YC5SPH86O55/c92c5de94b5a1a94b2baf158197bc6614a03fdbe04195d2a1452714dd6ff7db5

GROUP STRUCTURE

ZIXIN GROUP HOLDINGS
紫心集团控股

ZIXIN GROUP HOLDINGS LIMITED
紫心集团控股有限公司

Zixin International Pte. Ltd.
紫心国际私人有限公司

100%

Zixin Enterprise (Singapore) Pte. Ltd.
紫心企业（新加坡）私人有限公司

Wholesale trading and distribution for overseas markets

100%

Fujian Zixin Biotechnological Potato Co., Ltd.
福建紫心生物薯业有限公司

R&D on sweet potato uses and applications to complement cultivation and manufacturing functions of the industrial value chain.
甘薯用途和应用进行研发，以辅助产业价值链的栽培和制造功能。

100%

Fujian Zixin Fungal Biotechnology Co., Ltd.
福建紫草生物科技有限公司

R&D for recovery and recycling of waste resources into nutritional feed ingredients for poultry and livestock, and production solutions and techniques for feed manufacturers.
研发将废物资源回收和再循环成家禽和牲畜的营养饲料成分，以及饲料制造商的生产解决方案和技术。

100%

Fujian Zilaohu Food Co., Ltd.
福建紫老虎食品有限公司

R&D for product innovation and production efficiency, manufacturing, marketing and distribution of proprietary branded snack products.
产品创新和生产效率的研发，专有品牌零食产品的制造、营销和分销。

100%

Liancheng Dizhongbao Modern Agriculture Development Co., Ltd.
连城县地中宝现代农业有限公司

Cultivation and sales of proprietary sweet potato varieties seedlings, R&D on farming solutions and techniques, sales of fresh sweet potatoes.
种植和销售专有的甘薯品种幼苗，研发农业解决方案和技术，以及销售新鲜甘薯。

BUSINESS OPERATIONS

Zixin Group Holdings Limited **紫心集团控股有限公司** (“**Zixin**” or the “**Company**” and together with our subsidiaries, the “**Zixin Group**”) remains committed in driving growth across our circular economy on sweet potatoes, and enhancing economies of scale as we expand our cultivation base beyond Liánchéng County, Fujian Province.

Our core proprietary biotech competencies developed through our wholly-owned subsidiary, Fujian Zixin Biotechnological Potato Co., Ltd. (“**Zixin Biotech**”), focuses on the research and development (“**R&D**”) of extraction and production techniques to maximise the uses and applications of sweet potatoes and functional food products including medicinal food for the benefits of human health. These R&D fundamentals drive the growth across Zixin Group’s value chain including: (i) **cultivation and supply** – sweet potato seedlings cultivation base and fresh sweet potatoes supply, (ii) **product innovation and production** – sweet potato product innovation and production techniques to minimise food processing and maximise natural nutrients preservation for high quality product range, and (iii) **brand building, marketing and distribution** – the building of brand awareness and market positioning of our quality products with targeted marketing campaigns and various distribution platforms and channels (traditional and e-commerce) throughout China.

The increasing awareness of food safety and food security motivated Zixin Group to extend into (iv) **recovery and recycling** – recovering nutritional content from sweet potato peels, and converting waste materials such as sweet potato peels, stems and leaves into base feed for poultry and farm animals. With this extension, our circular economy business model creates a natural ecosystem that brings quality and nutritional values to both human and farm animals through their food sources, and at the same time, enhances the livelihoods of traditional farmers and minimises environmental pollution with the recovery and recycling of waste materials.

BUSINESS OPERATIONS

i. Cultivation and Supply

Zixin Group's wholly-owned subsidiary, Liancheng Dizhongbao Modern Agriculture Development Co., Ltd ("**Dizhongbao**"), supported through Zixin Biotech, focuses on (i) sweet potato seedlings cultivation, (ii) farming solutions and techniques through the provision of cultivation technical support and supply of dedicated agricultural materials, and (iii) sales of fresh orange and purple sweet potatoes from our contracted farmlands where we provided the seedlings, farming solutions and technical support.

Currently, Dizhongbao has a dedicated area of 300 mu (approximately 200,001 m^2) for seedlings cultivation, to satisfy the Group's contracted farmland of 8,268.6 mu (approximately 5,512,427.6 m^2) through the Liánchéng County Cooperative, to grow and produce our patented varieties of orange and purple sweet potatoes.

Our fundamental objective in cultivating sweet potato seedlings and developing in-house cultivation solutions is aimed at ensuring food safety and a consistent supply of high-quality sweet potatoes with improved harvest yields to support our Group's sales of fresh sweet potatoes as well as the higher-margin snack food manufacturing operations for our range of proprietary products.

Zixin Group's suite of cultivation solutions including soil improvement, fertilizers, and patented varieties of sweet potato seedlings are also marketed and sold to assist other individual farmers to increase their crop yields and produce high-quality fresh orange and purple sweet potatoes.

Our participation in the rural revitalisation projects in Língāo County, Hainan Province, and Lánkǎo County, Kāifēng City, Hénán Province will allow us to share our proven expertise and competencies in sweet potato biotech-focused solutions and techniques to benefit the local communities in the designated cultivable farmlands across China.

BUSINESS OPERATIONS

ii. Product Innovation and Production

Zixin Group's wholly-owned subsidiary, Fujian Zilaohu Food Co., Ltd. ("**Zilaohu**") focuses on continuous innovation and production techniques of our mainstay sweet potato snack products, to keep abreast of consumers' preferences and production efficiency.

We continue to keep ourselves abreast with consumer preferences and snack food trends in China and overseas, and invest in R&D on the recipes as well as production techniques of higher nutritional value snack food and functional food products. These efforts will not only broaden our product portfolio and strengthen our market position of healthier and higher nutrition food products, but also could potentially generate higher revenue for Zixin Group.

While we outsource some of our lower-margin snack products to snack food processing manufacturers, we continue to upgrade our production lines to produce higher-margin snack products in-house and raise efficiency through higher automation. Currently, we have a total installed annual production capacity of approximately 13,440 tonnes of snack products.

Zixin Biotech's high-tech manufacturing facility for the production of functional food with an installed annual production capacity of 35,000 tonnes announced in March and August 2021, is underway. Whilst the infrastructure of the building is being completed, the production equipment and machinery will be gradually installed and production of functional foods such as purple sweet potato powder that can be used in the bakery industry, will be carried out in FY2024.

We will also be installing solar panels on the roof of the building as part of our sustainability efforts – using renewable energy to generate electricity for the operations in the building, which will also translate to utility cost savings.

BUSINESS OPERATIONS

iii. Brand Building, Marketing and Distribution

As part of Zixin Group's streamlining effort, business activities in Zilaohu are expanded to include brand building, marketing and distribution. We believe this integration allows product innovation and production to be aligned with evolving consumer preferences and snack food trends.

The adoption of e-commerce, online sales platforms, and video marketing strategies such as "live-streaming", which complement our entrenched distribution network and channels and offer alternative options to distributors and consumers, also allow us to engage with our consumers through more targeted marketing campaigns and distribution channels. We remain committed to expanding our distribution network, to bring our established range of patented fresh sweet potato varieties, and high nutritional quality snack products to more consumers in China and overseas.

iv. Recovery and Recycling

Zixin Group's wholly-owned subsidiary, Fujian Zixin Fungal Biotechnology Co., Ltd. ("**Zixin Fungal Biotech**") is restructured to focus on the R&D of potential uses of waste materials such as sweet potato peels, stems, and leaves that contain nutrients to become nutritional food sources for farm animals and poultry.

As an integrated sweet potato industrial value chain operator, the cost and effort needed to dispose these waste materials increase in tandem with the increase in cultivation base and manufacturing volume of products. Hence, our recovery and recycling efforts were as critical as our expansion at the upstream cultivation base and manufacturing.

Having demonstrated our success in producing nutritional and cost-efficient base ingredients for animal feed from waste materials including spoiled sweet potatoes, and sweet potato peels, stems and leaves with our proven probiotics fermentation solutions and techniques, Zixin Group achieves the biotech competence in waste reduction, and the ability to extend nutritional benefits of sweet potatoes to poultry and farm animals.

The increasing awareness of "you are what you eat" that is driving demand for healthier food choices, would potentially be a motivating factor to use sweet potato base ingredients as the alternative option for feed manufacturers as they could potentially lower their cost of poultry and animal feed for farm owners. The sweet potato base ingredients that contain probiotics will improve the gut health of poultry and livestock, which potentially improves the survival rate and healthiness of the poultry and livestock. This in turn, improves the livelihood of farm owners.

We believe our recovery and recycling segment will not only resolve the pressing concern on waste disposal and pollution from spoiled sweet potatoes, sweet potato peels, stems and leaves, but also promotes sustainable growth for animal feed manufacturers and farm owners, and eventually address food safety and food security for communities.

FINANCIAL HIGHLIGHTS

For the financial year ended 31 March	**2023**	2022	2021	2020	2019
Income Statement (RMB'000)					
Revenue	219,600	289,132	285,474	323,141	357,001
Gross profit	59,219	77,611	69,616	70,159	102,300
Profit / (Loss) before tax	(9,428)	5,911	(13,002)	(10,590)	39,638
Net profit / (loss) after tax	(14,190)	3,652	(12,676)	(6,467)	23,675
Balance Sheet (RMB'000)					
Shareholders' equity	499,921	514,005	453,915	436,013	420,234
Total assets	587,276	568,628	515,726	473,148	468,968
Net asset value	499,921	514,005	453,915	436,013	420,234
Net tangible asset value	424,637	476,937	416,628	396,630	379,434
Per Share (RMB Cents)					
Basic earnings/(losses) (1)	(1.03)	0.34	(1.98)	(1.17)	8.00
Net asset value (2)	36.13	37.14	51.36	73.43	141.54
Net tangible asset value (2)	30.69	34.47	47.14	66.79	127.79
Financial Ratios					
Return on equity (3)	-2.80%	0.75%	-2.63%	-1.60%	6.00%
Return on assets (4)	-2.46%	0.67%	-2.36%	-1.45%	5.22%
Net gearing ratio (5)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Notes:

(1) Basic earnings per share was computed based on the weighted average number of approximately 1.4 billion shares for FY2023, 1.1 billion shares for FY2022, 640.7 million shares for FY2021, 551.6 million shares for FY2020, and 296.9 million shares for FY2019.

(2) Net asset value per share and net tangible asset per share were computed based on the number of approximately 1.4 billion shares for FY2023 and FY2022, 883.8 million shares for FY2021, 593.8 million shares for FY2020, and 296.9 million shares for FY2019.

(3) Return on equity was computed based on net profit attributable to owners of the Company as a percentage of average shareholders' equity.

(4) Return on assets was computed based on net profit attributable to owners of the Company as a percentage of average total assets.

(5) Net gearing ratio was computed based on total bank borrowings less cash as a percentage of shareholders' equity.

PERFORMANCE REVIEW

> Zixin Group's financial performance was predominantly affected by the impact of the COVID-19 situation in China due to strict measures in compliance with the "zero-COVID" policy that was implemented since early 2020, and the sudden shift away from the policy in December 2022.

Zixin Group Holdings Limited ("**Zixin**" or the "**Company**" and together with its subsidiaries, the "**Zixin Group**" or the "**Group**") recorded a net loss after tax of RMB 14.2 million for the financial year ended 31 March 2023 ("**FY2023**"), a reversal from a net profit after tax of RMB 3.7 million for the financial year ended 31 March 2022 ("**FY2022**"). Zixin Group's financial performance was predominantly affected by the impact of the COVID-19 situation in China due to strict measures in compliance with the "zero-COVID" policy that was implemented since early 2020, and the sudden shift away from the policy in December 2022.

During FY2023, Zixin Group continued to face disruptions across its supply chain as compliance with the strict "zero-COVID" policy meant lockdown of cities, which affected business operations and logistics, and the sudden shift away from the "zero-COVID" policy resulted in high COVID-19 infection rates that led to a temporary cessation of the Group's business operations and those of third parties including the farmers of its contracted farmlands. Consequently, the shortage in supply of fresh sweet potatoes and snack products just before the peak Chinese New Year season in early 2023 led to a decrease in revenue from RMB 289.1 million in FY2022 to RMB 219.6 million in FY2023, a 24.0% year-on-year decline.

Revenue Analysis by Products

FYE 31 March (RMB '000)	FY2023	FY2022	Variance (%)
Sweet potato processed snack products	187,477	235,551	(20.4)
Fresh sweet potatoes	32,123	53,581	(40.0)
Total	**219,600**	**289,132**	**(24.0)**

PERFORMANCE REVIEW

In tandem with the lower revenue, gross profit decreased by approximately RMB 18.4 million or 23.7% from RMB 77.6 million in FY2022 to RMB 59.2 million in FY2023. The lack of sales resulted in a decrease in economies of scale but this was mitigated by sales of higher-margin snack products, which lifted the gross profit margin slightly from 26.8% in FY2022 to 27.0% in FY2023.

Interest income increased by approximately RMB 251,000 or 36.8% from RMB 682,000 in FY2022 to RMB 933,000 in FY2023. This was mainly due to the increase in interest received from banks on the back of an increase in average cash and bank balances held by the Group in FY2023.

Other income increased from RMB 459,000 in FY2022 to RMB 632,000 in FY2023 due to royalty fees received from third parties, as well as income generated from the sales of excess in-house cultivated sweet potato seedlings in FY2023.

Marketing and distribution costs decreased by approximately RMB 6.5 million or 17.5% to RMB 30.8 million in FY2023, compared to RMB 37.3 million in FY2022. This was mainly due to the decrease in advertisement expenses, entertainment expenses, publicity expenses, delivery charges, and employee benefit expenses, which were partially offset by the increase in depreciation expenses and operating expenses.

Administrative expenses increased by approximately RMB 2.2 million or 6.7% from RMB 33.5 million in FY2022 to RMB 35.7 million in FY2023, which was mainly due to an increase in audit fees, employee benefit expenses, secretarial fees, research and development expenses, and trademark fees. These expenses were partially offset by the decrease in director's remuneration, travelling and entertainment expenses, seedlings nursery fees and other expenses.

Other losses increased by approximately RMB 1.1 million from RMB 0.5 million in FY2022 to RMB 1.6 million in FY2023, mainly due to an overall increase in loss on disposal of property, plant and equipment during the year.

Finance costs increased by approximately RMB 0.4 million or 27.6% from RMB 1.5 million in FY2022 to RMB 1.9 million in FY2023, mainly due to the increase in interest expense on bank borrowings in the financial period under review.

Zixin Group recorded an increase in income tax expense from RMB 2.3 million in FY2022 to approximately RMB 4.8 million in FY2023. The income tax expense for FY2023 mainly comprised current year income tax expense and deferred income tax expense, partially offset by an overprovision of prior year income tax expenses. Consequently, the Group recorded a net loss after tax of RMB 14.2 million in FY2023, a reversal from a net profit after tax of RMB 3.7 million in FY2022.

PERFORMANCE REVIEW

Financial Position

As at 31 March (RMB'million)	FY2023	FY2022	Variance (%)
Non-current assets	301.6	257.7	17.0
Current assets	285.6	311.0	(8.2)
Non-current liabilities	3.0	–	N.M.
Current liabilities	84.4	54.6	54.6
Working capital	201.2	256.4	(21.5)
Total equity	499.9	514.0	(2.7)
Net asset value per share [1] (RMB)	0.36	0.37	(2.7)

Notes: N.M. denotes not meaningful.

(1) Net asset value per share was computed based on the share capital of 1.38 billion shares as at 31 March 2022 and 2023.

Zixin Group maintains a strong balance sheet with a net cash position of RMB 158.4 million as at 31 March 2023. As a result of the net loss attributable to shareholders of RMB 14.2 million in FY2023, net asset value per share decreased correspondingly from RMB 0.37 (equivalent to approximately 6.9 Singapore cents) as at 31 March 2022 to RMB 0.36 (equivalent to approximately 6.7 Singapore cents).

Non-current assets increased by 17.1% year-on-year from RMB 257.7 million as at 31 March 2022 to RMB 301.7 million as at 31 March 2023. This was mainly due to (i) an increase in intangible assets of RMB 38.2 million, which was net of amortisation expense for the leasehold land of RMB 40.0 million, (ii) net additions of plant, property and equipment ("**PPE**") of RMB 13.9 million, and was partially offset by (iii) the decrease in other assets of RMB 4.2 million to RMB 82.7 million comprising mainly advanced payments to the co-operatives for the long-term supply contracts of fresh sweet potatoes, and (iv) the decrease in deferred tax assets of RMB 4.0 million due to the decrease in unutilised losses of a subsidiary which was brought forward for future utilisation of income tax expenses/credit.

PERFORMANCE REVIEW

Current assets decreased by 8.1% year-on-year from RMB 311.0 million as at 31 March 2022 to RMB 285.6 million as at 31 March 2023. This was mainly attributable to:

(i) the increase in cash and bank balances of 4.0% to RMB 205.5 million, arising from (a) payments received from trade and other receivables, (b) lower settlement of trade payables to suppliers, (c) net proceeds from new bank loans, and partially offset by the purchase of PPE and payment for land lease.

and partially offset by:

(ii) the decrease in inventories of 19.5% to RMB 2.0 million as at 31 March 2023 resulting from reduced purchases of raw materials for snack food production against lower sales orders between December 2022 and March 2023;

(iii) the decrease in trade and other receivables of 46.7% to RMB 22.0 million as at 31 March 2023, due to lower sales orders between December 2022 and March 2023; and

(iv) the decrease in other assets of 19.5% to RMB 56.2 million as at 31 March 2023, due to the decrease in prepayments to the fresh sweet potato suppliers and/or professional service providers.

Non-current liabilities include other payables and lease liability amounting to RMB 3.0 million as at 31 March 2023, as compared to RMB Nil as at 31 March 2022.

The Group recorded an increase of 54.5% in current liabilities to RMB 84.4 million as at 31 March 2023, up from RMB 54.6 million as at 31 March 2022. Current liabilities increased as a result of

(i) the increase in trade and other payables of 100.0% to 37.1 million, due to the decrease in settlement of trade payables to suppliers and an increase in payable for land lease;

(ii) the increase in other financial liabilities of 31.6% to RMB 47.1 million, due to an increase in short-term borrowings; and

(iii) the slight increase in lease liability of RMB 38,000 to RMB 0.2 million,

which were offset by:

(iv) the absence of income tax payable which was RMB 129,000 as at 31 March 2022.

Zixin Group's shareholders' equity, comprising share capital, other reserves and retained earnings, increased by 2.7% to RMB 499.9 million (equivalent to approximately S$92.6 million) as at 31 March 2023.

PERFORMANCE REVIEW

Cash Flow Analysis

As at 31 March (RMB'million)	FY2023	FY2022	Variance (%)
Net Cash generated from / (used in) from Operating Activities	50.8	(37.0)	N.M.
Net Cash used in Investing Activities	(52.2)	(19.3)	> 100.0
Net Cash generated from Financing Activities	9.4	57.4	(83.6)
Net Cash and Cash Equivalents	205.5	197.5	4.0

Note: N.M. denotes not meaningful.

The Group is in a net cash position of RMB 158.4 million (equivalent to approximately S$29.3 million) as at 31 March 2023. The net increase in cash and cash equivalents in the year under review was mainly due to:

Net cash generated from operating activities of RMB 51.3 million, comprising positive operating cash flow before changes in working capital of RMB 10.2 million, which was adjusted by the net working capital outflow of RMB 42.1 million, mainly stemming from changes in other assets of RMB 17.8 million for supplies of sweet potatoes, trade and other receivables of RMB 19.3 million, and trade and other payables of RMB 4.5 million;

Net cash outflow of RMB 52.6 million used in investing activities due to (i) the commencement of construction and development of a plot of land owned by a wholly-owned subsidiary, Fujian Zixin Biotechnological Potato Co., Ltd, (ii) additions of PPE, and (iii) payment for leasehold land; and

Net cash inflow amounting to RMB 9.3 million from financing activities mainly due to the proceeds from short-term borrowings. The significant decrease was due to the absence of proceeds from the issuance of new shares in FY2022 and the repayment of bank loans.

BOARD OF DIRECTORS

Mr. Liang Chengwang
Executive Chairman and CEO

Date of first appointment as a director:
22 September 2015

Date of last re-appointment as a director:
31 August 2021

Present Directorships:
Other Listed Companies – Nil

Other Principal Commitments – Nil

Past Directorships in listed companies held over the preceding three years:
Nil

Mr. Liang Chengwang is the Executive Chairman and CEO of the Company. He was appointed to the Board on 22 September 2015 and last re-elected on 31 August 2021.

Mr. Liang is primarily responsible for the oversight and management of the Group's businesses and corporate developments, as well as formulating the overall business and corporate strategies for the Group. He also supervises major financing plans and the appointment of key executives.

He is the co-founder of Fujian Zixin Biological Potato Co., Ltd. and had previously been engaged in the sweet potato food products business as a general manager of Liancheng Tianhe Food Factory.

Mr. Liang completed his education with the Open University of Fujian in 1998 with a Bachelor in Accounting and Finance and attended the Peking University Strategic Private Equity Investment and Capital Operation Seminar for Chairmen at the Peking University School of Electronics Engineering and Computer Science, Executive Education Center in December 2014.

BOARD OF DIRECTORS

Mr. Ng Poh Khoon

Non-Executive and Lead Independent Director

Date of first appointment as a director:
31 May 2018

Date of last re-appointment as a director:
31 March 2023

Present Directorships:
Other Listed Companies
- Regal International Group Ltd.

Other Principal Commitments – Nil

Past Directorships in listed companies held over the preceding three years:
- Green Build Technology Limited
- Nutryfarm International Limited

Mr. Ng Poh Khoon is the Non-Executive and Lead Independent Director of the Company, Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. He was appointed to the Board on 31 May 2018 and was last re-elected on 31 March 2023.

Mr. Ng is currently a Director of Nexusinnovest Pte Ltd, a company in the acquacultural industry.

He has over 20 years of experience in auditing, financial management, sales & business development, investor relations, fund raising and M&A activities. Mr. Ng is currently also an Independent Director and the Chairman of the Audit Committee of Regal International Group.

Mr. Ng is a member of Singapore Institute of Directors and associate member of the Institute of Singapore Chartered Accountants and International Compliance Association.

Mr. Xue Congyan

Non-Executive and Independent Director

Date of first appointment as a director:
8 August 2019

Date of last re-appointment as a director:
31 August 2021

Present Directorships:
Other Listed Companies
- Camsing Healthcare Limited
- Versalink Holdings Limited

Other Principal Committements
- Founder of Mundial Financial Group, LLC
- Founder of Beijing Gloryhope Capital (Limited Partnership)
- Managing Director of Go & Company (HK) Limited
- Director of Shanxi Huanghe Zhongwang Animation Technology Co., Ltd.
- Director of Kunming Kaishi Advertising Limited Liability Company
- Beijing Anjien Entertainment Technology Co., Ltd.

Past Directorships in listed companies held over the preceding three years:
N.A.

Mr. Xue Congyan is the Independent Director of the Company, Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. He was appointed to the Board on 8 August 2019 and was last re-elected on 31 August 2021.

Mr. Xue has over 16 years of extensive experience in international mergers and acquisitions and corporate finance, having worked in professional capital markets firms including Beijing Chum Investment Corporation and Chardan Capital Markets LLC. He is currently the Managing Director of Go & Company (HK) Limited which he cofounded in April 2012, and has since been providing consultancy work on all aspects of corporate advisory including fundraising, public listings, M&A, and investment management.

Mr. Xue graduated with a Bachelor of Science in Computer Science from Angeles University of the Philippines in 2000, a Master of Science in International Finance (with Merit) from University of Leeds, United Kingdom in 2003, and a Master of Science in Global Finance from HKUST & NYU STERN in 2013.

BOARD OF DIRECTORS

Mr. Lawrence Chen Tse Chau (Chen Shichao)
Non-Executive and Independent Director

Date of first appointment as a director:
26 October 2020

Date of last re-appointment as a director:
31 August 2021

Present Directorship:
Other listed companies
- Sevens Atelier Limited (formerly known as Pan Asian Holdings Limited)

Other principal commitments
- Managing Partner of Prime Accountants LLP

Past Directorships in listed companies held over the preceding three years:
N.A.

Mr. Lawrence Chen Tse Chau (Chen Shichao) is the Independent Director of the Company, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. He was appointed to the Board on 26 October 2020 and was last re-elected on 31 August 2021.

Mr. Chen has extensive experience in providing assurance and advisory services to a broad range of clients from traditional trading to digital marketing, crypto currency, Registered Fund Management Company (RFMC) and hedge funds. Past and present clients include companies listed on the Singapore Stock Exchange (SGX), New York Stock Exchange (NYSE) and Shanghai Stock Exchange (SSE), multinational corporations in Singapore, Malaysia and China. He has also successfully acted as team lead and assisted clients as reporting accountant in Initial Public Offering (IPO) and Reverse Take Over (RTO) on SGX.

Mr. Chen graduated with a Bachelor of Science in Applied Accounting from Oxford Brookes University in 2008, and he is also a Chartered Accountant of Singapore, a fellowship member of the Association of Chartered Certified Accountants and a member of the Singapore Institute of Directors (SID).

KEY MANAGEMENT

Mr. Yi Ming
Chief Financial Officer

Mr. Yi Ming joined the Company as Chief Financial Officer on 3 January 2019.

Mr. Yi is responsible for overseeing the Group's accounting and finance functions, including financial reporting, management of the finance team, and reviewing internal controls. He is also responsible for ensuring that the Group is in compliance with the listing and regulatory requirements.

Mr. Yi brings with him more than 17 years of working experience to the Group. He started his career as a Tax Consultant with Liao Ning Jie Xin Certified Accountants Co. Ltd. in 2001, and had accumulated work experience as an Accountant & Supervisor with N. G. Australia Pty. Ltd. and as a Senior Accountant with Ernst & Young, before he was appointed as the Chief Financial Officer in Wave Sync Corp and SSLJ.Com Ltd.

Mr. Yi holds a Bachelors of Science in Accountancy from the School of Business Administration of Liaoning University, and a Master of Science in Accounting and Finance from Victory University in Australia. He is also a Certified Public Accountant in Australia.

Mr. Jee Meng Kwang
Group Financial Controller

Mr. Jee is the Group's Financial Controller. He is responsible for the day-to-day operations at the corporate office and is involved in the overall accounting and management reporting of the Group.

Mr. Jee is also involved in internal discussions with the senior management on the Group's business strategies and corporate governance, as well as internal and external audit matters.

Mr. Jee joined the Group in July 2019 as the Group Finance Manager and was promoted to Group Financial Controller on 1 September 2020. Prior to joining the Group, Mr. Jee was the Group Accountant of ecoWise Group of Companies, and had held several positions in various audit firms.

Mr. Jee holds a Bachelor of Accountancy (Hons) from the Universiti Utara Malaysia, and a Matriculation Certificate (Accounting) with first class honours from the College Matriculation of Perlis.

SUSTAINABILITY REPORT

Board Statement

The board of directors (the "**Board**") of Zixin Group Holdings Limited ("**Zixin**" or the "**Company**" and together with its subsidiaries, "**Zixin Group**" or the "**Group**") is pleased to present the annual sustainability report for the financial year ended 31 March 2023 ("**FY2023**").

In FY2023, Zixin Group's operations and financial performance was undermined by the shortage in supply of fresh sweet potatoes and snack products to cater for the peak season before the Chinese New Year in early 2023. This could be attributed to (i) the disruptions across the supply chain as compliance with the strict "zero-COVID" policy seeing the lockdown of cities which affected logistics and business operations, and (ii) high COVID-19 infection rates following the sudden shift away from the "zero-COVID" policy that led to a temporary cessation of business operations under Zixin Group and those of our business partners including the farmers of contracted farmlands.

Nevertheless, the Board and our management team remain committed to emerge stronger as the world moves towards an endemic phase. We remain mindful of the evolving business environment while continuing enhancing the efficiency of existing operations including the upgrading of production lines in our snack food manufacturing facility, and preparing for the operations of a full cycle of our integrated circular economy industrial value chain in the financial year ending 31 March 2024 ("**FY2024**").

We believe the Group's ethos and conscientious efforts in conducting our business activities responsibly will earn us the trust and loyalty of our stakeholders, particularly our customers, employees, business partners, and shareholders. We remain committed to making good progress in our economic, environmental, social and governance ("**EESG**") material factors as we continue to reinforce our foothold in the sweet potato industry, riding on the Chinese Government's determination to accelerate growth in the agricultural industry in China.

The Board maintains oversight of the Sustainability Committee which comprises key management within Zixin Group, and monitors the EESG material factors of the Group and validate the sustainability practices that are material to our businesses. Going forward, we will also explore the assessment of climate-related risks and opportunities with the EESG material factors in a progressive manner.

This sustainability report includes our EESG performance in FY2023, focusing solely on Zixin Group's integrated industrial value chain of businesses based in Liancheng County, China as our Singapore operations is primarily involved in the corporate reporting of the listed company. Whilst Zixin Group's business operations are mainly located in China, we remain committed to upholding our integrity and business ethics in accordance with the rules and regulations of the respective countries we operate and have business dealings.

This sustainability report has been prepared with reference to the 2021 Global Reporting Initiative ("**GRI**") Sustainability Reporting Standards ("**GRI Standards**") and in compliance with Rules 711A and 711B of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"). We have chosen the GRI framework as it is a well-known and globally recognised sustainability reporting standard.

Pursuant to Rule 711B(3) of the Catalist Rules, the Company's sustainability reporting process is subjected to internal review in accordance with the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors. While the sustainability report has been reviewed by the internal auditor, no external assurance was sought for this sustainability report. We welcome stakeholders to provide us with feedback and suggestions with regards to our sustainability practices and reporting. You may contact us at info@zixinshuye.com.

Liang Chengwang 梁承旺
Executive Chairman & Chief Executive Officer

SUSTAINABILITY REPORT

Sustainability Governance

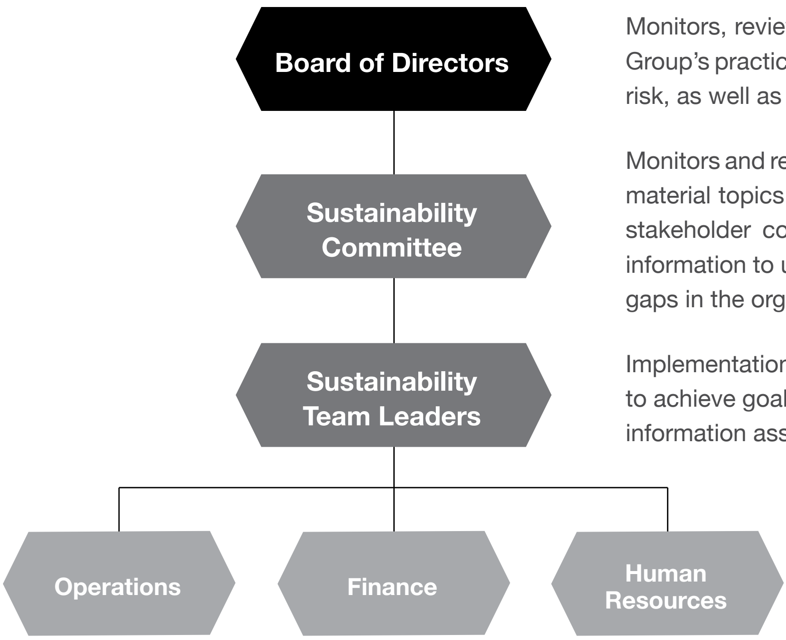
At the Zixin Group, our sustainability focus is on managing the EESG impact as well as risks and opportunities throughout our integrated agri-tech industrial value chain, generating stable and sustainable growth for our prioritised stakeholders: employees, business partners, local communities, and customers for the long term. We believe that our organisational ethics aligns with the interests of our internal and external stakeholders, allowing us to work together towards our defined goals.

Sustainability Approach

We have in place our Sustainability Committee, comprising key management executives and chaired by the Chief Executive Officer, who in turn, are supported by representatives from various business segments in Zixin Group. The Sustainability Committee reports to the Board during board meetings, where the Board and management will review and consider the sustainability issues, as well as deliberate on the possible solutions that could be adopted into our day-to-day operations.

The Sustainability Committee is responsible for reviewing Zixin Group's sustainability performance, material topics, stakeholder concerns, setting of targets and goals for material topics, and establishing systems to collect, verify, and monitor and information required for the preparation of sustainability reports. The Sustainability Committee meets at least once a year to discuss, propose, coordinate, and monitor Zixin Group's sustainability practices.

The Board monitors, reviews, and considers the relevance and adequacy of Zixin Group's practices in addressing sustainability concerns and managing risks, as well as approves general policies and strategies. The Board has also kept themselves abreast of the rising concerns about sustainability and climate-related topics through continuous training and education. In this regard and pursuant to Rule 720(6) of the Catalist Rules, all Directors have completed the training on sustainability matters as prescribed by the SGX-ST during FY2023.



Monitors, reviews, and considers the relevance and adequacy of the Group's practices in addressing sustainability concerns and managing risk, as well as approves general policies and strategies.

Monitors and reviews sustainability performance, identify and evaluate material topics and impact on climate-related risk and opportunities, stakeholder concerns, sets targets to motivate progress, integrate information to update policies and procedures to address operational gaps in the organisation.

Implementation of systems and practices throughout the organisation to achieve goals for the identified material topics, collate and monitor information assess materiality and potential risks and opportunities.

Stakeholder Engagement

At Zixin Group, we believe that sustainable business operations require regular interaction between stakeholders to align our vision and growth strategies, and cultivate good practices to progress together. Therefore, we emphasise on efficient communication amongst prioritised stakeholders to work towards achieving mutually beneficial goals together.

With countries moving towards the endemic phase, we are looking forward to having more physical meetings in addition to virtual communication to enhance better working relationships, especially for our employees, customers/distributors, suppliers and business partners. We remain committed to strengthen mutually beneficial relationships with our stakeholders through various engagement approaches to facilitate communications between the organisation and stakeholders.

Our engagements with both our internal and external stakeholders as summarised in the table below.

Stakeholders	Areas of Concern	Our Engagement Approach	Our Actions
Internal			
Board of Directors	• Ensure internal policies and systems are current, effectively implemented and monitored throughout the organisation	• Board meetings • Regular updates via electronic means (emails, phone calls, virtual meetings)	• Regular updates on corporate activities, developments, and financial performance • Seek advice and approvals from the Board on all material proposed developments
Employees	• Career growth • Training and education opportunities • Competitive remuneration and incentives • Pleasant and safe working environment	• Regular internal communications through meetings and electronic communications (emails, phone calls, internal notices) • Employee caring sessions • Corporate activities • Employee feedback	• Ensure effective implementation of HR policies, internal systems and procedures • Regular internal meetings to review safety and healthy work environment • Conduct relevant training courses and seminars regularly • Formal and informal get-togethers to strengthen working relationships among employees • Annual performance appraisal
External			
Governments & Regulators	• Regulatory compliance • Food safety compliance • Occupational health & safety • Environmental compliance • Socioeconomic compliance	• Meetings • Electronic communications (emails, phone calls, virtual meetings) • Through external professionals and agencies • Announcements on SGXNet	• Ensure compliance with applicable laws in respective countries of operations • Regular communication with external professionals and agencies • Meeting relevant authorities as and when necessary • Consistent update on relevant laws and regulations through seminars and trainings

SUSTAINABILITY REPORT

Stakeholders	Areas of Concern	Our Engagement Approach	Our Actions
Customers / Distributors	• Consistent quality and supply of fresh sweet potatoes and snack products • High quality and nutritional standards • Compliance with food safety and environmental standards • Reliability, on-time delivery and services • Competitive pricing • Credit terms	• Focus groups with consumers • Market survey on consumer tastes • Regular sales calls and meetings with distributors • “livestreaming” online platforms • Email enquiries • Consumer outreach marketing events	• Actively follow-up on customers’ preferences • Regular internal meetings to review customer fulfilment and new requirements • Update customers on new products and improved packaging • Provide timely feedback to customers • Ensure all relevant food safety requirements and standards are met for all fresh and manufactured products sold
Suppliers / Business Partners	• Timely payment and adherence to agreed terms • Assistance in the farming techniques to improve yield and logistics for fresh sweet potatoes • Competitive pricing • Quality of goods and services	• Regular visits and interactions with suppliers • Electronic communications (emails, phone calls, virtual meetings)	• Regular review, assessment and feedback • Ensure compliance with food safety standards, socioeconomic requirements, environmental laws and regulations • Perform periodic evaluation
Shareholders & Investors	• Better financial returns • Industry conditions and prospects • Market presence • Profitability and sustainability • Transparency and corporate governance	• Announcements on SGXNet • Shareholders’ meetings • Annual report • Company website • Investor relations • Electronic communications	• Ensure all public disclosures on corporate results and developments are factual, timely, and accurate to provide fair and equitable treatment to all shareholders and investing public • Ensure sustainable business growth

SUSTAINABILITY REPORT

Materiality Assessment

We carried out an internal review on the relevance of the material topics for FY2023. We explored the criteria of material analysis based on the relevant material topics identified and their importance were based on discussion with internal stakeholders and the sustainability team leaders on our business risks and opportunities in FY2023.

While we overcame the challenges brought about by the COVID-19 pandemic, we ensured that data was collected according to the relevant material topics to facilitate analysis of our performance in FY2023 to set targets for the respective material topics for the financial year ending 31 March 2024 ("**FY2024**"). The chart below summarises our materiality assessment process on material topics and the relevant GRI Standards which we have referenced in this sustainability report. We will continue to improve our interactions with our stakeholders related to the material topics identified as the business environment evolve amid the gradual economic recovery and geopolitical uncertainties. We will also review and analyse the impact of climate-related risks and opportunities on our business in a progressive manner in our subsequent sustainability reports.

Review Material Topics

Review & Analysis
- Review the relevance of material topics
- Collect data according to the identified material factors for review and analysis.

Evaluate & Prioritise Material Topics

Materiality Assessment
- Benchmarking analysis against the listed companies in similar industry and/or nature of business
- Evaluate material factors that are of priority to the sustainability of our businesses.

Validate Material Topics

Report to the Board and Obtain Approval
- Report to the Board on sustainability concerns, performance, update on material factors, and climate-related risk
- Seek advice and obtain approval

Key Material Topics

Economic
GRI 201-1
- Economic Performance
- Research and Development

GRI 204-1
- Suppliers and Business Partners

Environmental
GRI 302-1, 302-3, 303-3, 303-5, 305-1, 305-2
- Resource Efficiency

GRI 306-2
- Waste

Social
GRI 401-1, 405-1
- Employment, Diversity and Equal Opportunity

GRI 403-1, 403-5, 403-9
- Occupational Health and Safety

GRI 404-1, 404-3
- Skills Competency and Employee Training
- Performance Appraisal

Governance
GRI 416-2
- Customer Health and Safety

GRI 2-27
- Regulatory Compliance

SUSTAINABILITY REPORT

Material Topic: Economic

Economic Performance
GRI 201-1

Zixin Group's operations and financial performance in FY2023 were adversely affected by the impact of the COVID-19 situation in China due to strict measures in compliance with the "zero-COVID" policy that was implemented since early 2020, and the sudden shift away from the policy in December 2022.

Whilst we took the opportunity to upgrade our production lines to improve efficiency and productivity in the first half of FY2023, the high COVID-19 infection rates following the sudden shift away from the "zero-COVID" policy led to temporary cessation of our operations and those of third parties including the farmers of our contracted farmland. Consequently, we registered a 24.0% year-on-year decrease in revenue from RMB 289.1 million in FY2022 to RMB 219.6 million in FY2023, mostly due to the shortage of supply in fresh sweet potatoes and snack products. This was partially mitigated by better sales mix of higher-margin sweet potato snack products, which lifted gross profit margin slightly from 26.8% in FY2022 to 27.0% in FY2023.

Taking into account the operating expenses and higher tax expenses, Zixin Group registered a net loss of RMB 14.2 million in FY2023, a reversal from a net profit of RMB 3.7 million in FY2022.

Please refer to the following sections in the annual report for details on our operations and financial information:

Business Operations on page 11 – 14

Financial Highlights on page 15

Performance Review on page 16 – 20

Financial Statements on page 87 – 135

Performance in FY2023

- Did not achieve target in maintaining profitability and recorded a net loss of RMB 14.2 million.
- Temporary cessation of operations due to high COVID-19 infections amongst employees and that of third-party suppliers and business partners.
- Recorded no incident of non-compliance with management controls and procedures.

Targets for FY2024

- Strive to achieve profitability as all business operations are back to normal.
- Continue to maintain no incident of non-compliance with management controls and procedures.

Research Development

Biotechnological research and development ("**R&D**") in the Zixin Group's core motivator for our sweet potato integrated circular economy industrial value chain. We are committed to bringing quality sources from the cultivation of quality sweet potato seedlings to the supply of premium quality fresh sweet potatoes and snack products for our consumers.

During FY2023, we completed the construction of our new infrastructure of 23,000 m^2 for high-tech manufacturing and research capabilities despite disruptions due to COVID-19 pandemic and bad weather. The purchase and installation of equipment and machinery and interior furnishings for the commissioning of the production capacity to recover nutrients from sweet potato peels to produce 35,000 tonnes per annum of functional food are estimated to be completed by end of FY2024.

We have achieved preliminary success in our R&D for recovery and recycling of waste materials including spoiled sweet potatoes, and sweet potato peels, stems and leaves, which would otherwise be arranged for disposal. With the Liánchéng County Government's initiative in the construction of the standard factory buildings to support the waste recycling activities, we are looking forward to assisting the independent operators with our probiotic fermentation solution to convert waste resources into base ingredients for poultry and animal feed. The sales of our fermentation solution will potentially increase our revenue and earnings, and will also reduce wastage, improve cost savings on disposal of the waste resources, and extend the nutritional value of our quality sweet potatoes to the farm animals and poultry.

While we have established our in-house R&D team, we also continue to maintain R&D collaborations with Longyan City Agricultural Science Research Institute (龙岩市农业科学研究院), Hubei Academy of Agricultural Sciences Agricultural Economics and Technology Research Institute (湖北省农业科学院农业经济技术研究所), and Fujian Ankang Food Safety Research Institute (福建安康食品安全研究院) to focus on new product developments and production techniques to improve on both production efficiency and snack products. Our most recent strategic collaboration with the Agricultural Genomics Institute at Shenzhen which is a government-supported scientific research organisation held by the Chinese Academy of Agricultural Sciences, starting in July 2023 would potentially accelerate the agricultural modernisation of sweet potato industry in China.

We believe our accomplishments in completing the integrated circular economy industrial value chain for the sweet potatoes industry through biotech capabilities, will bring forth economic developments for the local rural communities, particularly for the traditional agricultural sector, and in turn, bring sustainable growth potential to Zixin Group.

Performance in FY2023

- Did not achieved target set for FY2023 due to the unexpected disruptions with the lockdown of cities and sudden shift in the "zero-COVID" policy that led to massive infections among the population during the period under review.

- Registered five (5) utility model patents and one (1) invention patents in FY2023, bringing the total registered patents to twenty-seven (27), comprising seventeen (17) utility model patents, six (6) design patents, and four (4) invention patents.

Targets for FY2024

- Strive to monetise the patented solutions and techniques with the commissioning of the new high-tech manufacturing, and waste recycling facilities.

- Continue R&D efforts for consistent improvement in Zixin Group's core operating segments and products.

Suppliers and Business Partners

GRI 204-1

At Zixin Group, we believe in working towards achieving growth together with our suppliers cum business partners for the long term. We entered into long-term contracted farmland agreements through co-operative farming arrangements as our commitment to the local farmers, which includes providing them proprietary farming solutions and selected quality sweet potato seedlings to improve crop yield, as well as purchasing their harvests of fresh quality sweet potatoes.

We believe our continuous investments and commitment to our business partners to cultivate consistently safe, high quality, and nutritious sweet potatoes, will in turn, ensure our operations with a stable supply of high quality fresh sweet potatoes.

We also believe that our business partners will benefit from our initiative in converting waste materials such as spoiled sweet potatoes, as well as sweet potato peels, stems and leaves into main ingredients for poultry and animal feed. This could potentially boost income for the farmers as they could generate income from the disposal of waste materials.

We are hopeful that our sweet potato circular economy industrial value chain business model promotes a healthy ecosystem and ensures better food safety and food security for our business partners along the value chain and consumers. The initiative by the Liánchéng County Government in the construction of cold storage warehouses will address the concern on perishability that could further reduce the risk of being in the agricultural industry.

At Zixin Group, we carry out annual review and assessment on our suppliers to ensure that they continue to meet our requirements including product quality, timely delivery, good services, and robust supply management system. During FY2023, we did not change any of our suppliers. In tandem with our lower revenue, our purchases from our top 10 local producers declined 25.9% year-on-year from RMB 129.7 million in FY2022 to RMB 96.1 million in FY2023. These purchases include sweet potato snacks which we do not produce and packaging materials. Out of the total purchases, purchases from our top 10 local producers constituted 58.4% in FY2023 and 54.4% in FY2022. We look to maintain the proportion of our purchases from our top 10 local producers at below 60% of our total purchases for FY2024.

Performance in FY2023

- Did not achieve target set for FY2023.
- Purchases of fresh sweet potatoes decreased by 19.5% from 23,935 tonnes in FY2022 to 19,267 tonnes in FY2023 through secured supplies from the contracted farmland. This was due to the sudden shift of the “zero-COVID” policy that led to a surge of COVID-19 infections and affected the well-being of the farmers.
- No suppliers were changed in FY2023.

Targets for FY2024

- To achieve the supply quantity of approximately 23,000 tonnes in the purchases of fresh sweet potatoes as we move towards the endemic phase.
- Continue to assist our contracted suppliers with quality seedlings and farming techniques to improve on their harvest yields.
- To carry out annual review and assessment on our suppliers.
- To maintain purchases from top 10 local producers at to remain below 60% of total purchases.

SUSTAINABILITY REPORT

Material Topic: Environmental

Resource Efficiency
GRI 302-1, 302-2, 302-3, 305-1, 305-2

At Zixin Group, we continued to monitor and measure our environmental footprint from our fuel, energy, and water consumption in FY2023 despite the disruptions during the lockdowns and temporary cessation of operations due to the high COVID-19 infections after the sudden easing of the “zero-COVID” policy.

During FY2023, we continued to maximise our revenue generating activities with proprietary brand “livestreaming” to drive demand and revenue, as well as providing the platform for third parties “livestreaming” marketing campaigns. These activities are likely to increase electricity usage.

We remain committed to taking positive and proactive actions on climate change and reducing carbon emission in our daily operations. We constantly remind and educate our employees on energy savings through regular internal communications. With our expansion into online marketing and the commencement of the high-tech manufacturing and R&D facilities, we are likely to raise our energy and water consumption in the near future.

Nevertheless, we have started using solar-powered electricity, which is relatively cheaper during FY2023. We are also exploring the option including the installation of solar panels on the rooftop of our new high-tech manufacturing and R&D facilities to reduce energy consumption and manage cost savings.

Our total energy consumed for the Zixin Group in FY2023 was 16,028.4 gigajoules (“**GJ**”) comprising 1,378.4 GJ of fuel and 14,650.1 GJ of electricity. The overall greenhouse gas (“**GHG**”) emissions were 18.8% lower at 3,555.2 tonnes of carbon dioxide emission (“**tCO_2e**”) in FY2023 compared with 4,377.0 tCO2e in FY2022. The carbon emission intensity of 16.19 tCO2e per RMB million of revenue in FY2023 was 21.4% higher than 15.14 tCO2e per RMB million of revenue. This was due to the increase in electricity consumption for the office premises on the back of a 24.0% decline in sales revenue in FY2023.

Whilst we achieved the target of lowering energy consumption in FY2023, we believe the long-term target will be to use more renewable source of electricity to reduce our carbon footprint.

Performance in FY2023

- Achieved target of lowering energy consumption in FY2023. This was due to the upgrade of production line in the first half of FY2023, and the temporary cessation of operations in the second half of FY2023 after the sudden shift of “zero-COVID” policy in China.
- Recorded an energy consumption of 1,378.4 GJ of fuel and 14,650.1 GJ of electricity.
- Overall GHG emissions were 3,555.2 tCO2e in FY2023, as compared to 4,377.0 tCO_2e in FY2022.
- Carbon emission intensity of 16.19 tCO2e per RMB million of revenue in FY2023 was 21.4% higher than 15.14 tCO_2e per RMB million of revenue.
- Water consumption decreased by 17.9% to 167.5 megalitres in FY2023, due mainly to lower productivity in the manufacturing facilities as upgrading of the production lines took place in the first half of FY2023.

Targets for FY2024

- To lower or at least maintain energy consumption, carbon footprint and carbon emission intensity level by enhancing production efficiency as our operations are back to normal.
- To monitor and record the use of electricity from renewable and non-renewable sources to have a better understand of our cost savings.

Energy consumed from non-renewable sources
GRI 302-1

Energy Source	Consumption (GJ)		
	FY2023	FY2022	FY2021
Fuel (petrol)	1,378.4	1,598.5	1,800.4
Electricity	14,650.0	18,572.6	14,948.3
Total	**16,028.4**	**20,171.1**	**16,748.7**

Direct (Scope 1) and Energy Indirect (Scope 2) GHG Emissions
GRI 305-1, GRI 305-2

(in tCO_2e)	FY2023	FY2022	FY2021
Scope 1	96.1	111.5	125.6
Scope 2	3,459.0	4,265.5	3,433.1
Total	3,555.2	4,377.0	3,558.7
GHG emission intensity (tCO_2e per RMB million of revenue)	16.19	15.14	12.47

The total volume of water drawn from the local municipal water supply decreased by 17.9% from approximately 204.0 megalitres ("**ML**") in FY2022 to approximately 167.5 ML in FY2023. The decline was mainly due to the upgrading of production line in our manufacturing facility that led to lower productivity in FY2023, resulting in reduction of water consumption by 28.2% from 70.4 ML or 70,361 m^3 to 50.5 ML or 50,547 m^3. This led to a 5.4% decrease in water consumption intensity of 24.3.4 m^3 per RMB million of revenue in FY2022 to 230.2 m^3 per RMB million of revenue in FY2023.

Water usage for the office premises increased slightly by 1.2% from 63.3 ML or 63,328 m^3 in FY2022 to 64.1 ML or 64,113 m^3 in FY2023, mainly due to the increase in activities and personnel in the office premises. These activities include more "livestreaming" programmes and corporate meetings.

Water consumed and water consumption intensity for manufacturing operations
GRI 303-3, 303-5

(1 megaliter = 1000 m^3)	FY2023	FY2022	FY2021
Total water withdrawn by Group	**167,476 m^3**	**204,047 m^3**	**149,794 m^3**
Water withdrawn by manufacturing	103,363 m^3	140,719 m^3	105,854 m^3
Water discharged by manufacturing	64,113 m^3	70,359 m^3	51,069 m^3
Water consumed by manufacturing	**50,547 m^3**	**70,361 m^3**	**54,785 m^3**
Water consumption intensity (m^3 per RMB million of revenue)	230.2	243.4	191.9

Waste

GRI 306-2

Waste materials produced by Zixin Group are mainly non-hazardous and are mostly managed under the directives of the local authorities. The waste materials mainly arose from the manufacturing facility including (i) wastewater, and (ii) sweet potato peels, and the seedlings nursery including (i) spoiled sweet potatoes, sweet potato stems and leaves.

It is mandatory for our manufacturing facility to discharge wastewater to the dedicated industrial park wastewater treatment plant in Liancheng County, which the Group pays a fee for proper disposal of our wastewater. Our manufacturing facility discharged 52,816.0 m^3 wastewater in FY2023, a 24.9% year-on-year decrease as compared to 70,358.5 m^3 of wastewater discharge in FY2022. This was in line with the decrease in the water consumed for the manufacturing facility where there was lower productivity due to production line upgrading programme and temporary cessation of operations resulting from high COVID-19 infections after the sudden shift from stringent “zero-COVID” policy in China.

We saw an increase in the amount of sweet potato peels as we processed more sweet potatoes with the newly installed automated production line for steamed sweet potato snack products which was only operational from the second half of FY2023. Hence, the sweet potato peels to be disposed increased by 5.3% from 639.4 tonnes in FY2022 to 673.1 tonnes in FY2023.

Our R&D success in the recovery and recycling waste materials will soon be implemented on a large scale, recovering nutritional content from sweet potato peels for functional food applications such as purple sweet potato powder for bakery sector in our newly completed high-tech manufacturing facility, and converting waste materials including spoiled sweet potatoes, as well as sweet potato peels, stems and leaves into main ingredients for poultry and animal feed in the standard factory buildings constructed by the Liánchéng County Government. Our biotech applications into the high-tech recovery and waste recycling businesses could potentially generate economic value and minimise our cost in disposal by end of FY2024.

At Zixin Group, we will continue to abide by all environmental related rules and regulations applicable to our businesses at all times.

Performance in FY2023

- Recorded no incident of non-compliance with the relevant laws and regulations of the environmental protection, which could result in penalty and public allegation.

Targets for FY2024

- To maintain no incident of non-compliance with the relevant laws and regulations of the environmental protection.
- To implement success in recovering nutritional content from sweet potato peels for functional food applications and recycling waste materials into main ingredients for poultry and animal feed in a large scale with the installation of equipment and machinery in the high-tech manufacturing facility, and that of the recycling premises built by the Liánchéng County Government.

SUSTAINABILITY REPORT

Material Topic: Social

Employment, Diversity and Equal Opportunity

GRI 401-1, 405-1

At Zixin Group, we remain committed to fair employment practices and providing a healthy workplace where our employees are respected with equality and non-discrimination. We believe the well-being of our employees is integral to the sustainable growth of our business.

While we have in place our staff handbook and human resources manual that adhere to the legislation and guidelines in the country of operations, we are committed to conducting engagement sessions on a monthly basis. Recruitment, remuneration, promotion, and benefits are required to be handled based on objective assessment, equal opportunity, and non-discrimination regardless of gender, race, marital status, pregnancy, disability, age, or family status.

Due to the nature of the agricultural industry, we attract talents through fair and flexible recruitment strategy, and offer competitive remuneration to attract and retain talented staff members. Remuneration packages which include the necessary social benefits are reviewed periodically to ensure consistency with the employment market and industry benchmark. Confirmation and promotion are based on work performance and suitability. Dismissal also complies with employment laws and regulations relating to non-discrimination.

We continue to organise outings and company events, provide free health check-ups, free accommodation, and festive benefits for employees in a bid to retain staff and foster better working relationships among employees within the organisation.

In FY2023, we maintained the proportion of our full-time permanent employees at approximately 71.4%, which was similar in FY2022. This was due to an increase in resignations of permanent and non-renewal of contractual employees after the sudden shift of “zero-COVID” policy that was implemented since early 2020. Our permanent headcount reduced by 52 employees or 14.1% to 317 in FY2023, down from 369 in FY2022, which was mainly due to natural attrition.

Due to the nature of the job, the diversity by gender industry-wide is female dominated and approximately 71.6% of our employees comprised females in FY2023, which was an improvement from 74.0% in FY2022. However, our workforce that are below the age group of 50 years old declined from 77.2% in FY2022 to 60.6% in FY2023. This could be due to manpower movement with the easing of the stringent precautionary measures during the COVID-19 pandemic.

Performance in FY2023

- Recorded no incident of non-compliance with the relevant laws and regulations related to fair employment practices.
- Did not achieve target of 70% for overall diversity by gender.
- Female employees comprised of 71.4% of our total workforce in FY2023, a slight decline from 74.0% in FY2022 due to lower number of employees in FY2023.
- Female representation in management improved from 23.1% in FY2022 to 34.1% in FY2023 due to increase in female personnel.
- Workforce below the age of 50 years old of age decreased from 77.2% in FY2022 to 60.6% in FY2023.

Targets for FY2024

- Continue to maintain no incident of non-compliance with the relevant laws and regulations in fair employment practices.
- Continue to monitor and review the recruitment procedure and system to ensure fair and non-discrimination in recruitment.
- Continue to improve the diversity of our workforce in terms of gender diversity to 70% and management representation.

The demographics of our employees for our operations in both China and Singapore are as follows:

Employees by Gender for FY2023

Gender / Position	Management	Executive	Non-Executive	Total
Male	9	20	61	90
Female	3	12	212	227
Total	**12**	**32**	**273**	**317**

Employees by Gender

Gender / No. of employees	FY2023		FY2022		FY2021	
Male	90	28.4%	96	26.0%	99	26.1%
Female	227	71.6%	273	74.0%	281	73.9%
Total	**317**	**100.0%**	**369**	**100.0%**	**380**	**100.0%**

Employees by Age Group for FY2023

Age group / Position	Management	Executive	Non-Executive	Total
Under 30 years old	0	2	12	14
30 – 50 years old	4	30	138	172
Above 50 years old	8	0	123	131
Total	**12**	**32**	**273**	**317**

Employees by Age Group

Age group / No. of employees	FY2023		FY2022		FY2021	
Under 30 years old	14	4.4%	21	5.7%	30	7.9%
30 – 50 years old	172	54.3%	264	71.5%	217	57.1%
Above 50 years old	131	41.3%	84	22.8%	133	35.0%
Total	**317**	**100.0%**	**369**	**100.0%**	**380**	**100.0%**

New employees and employee turnover for FY2023

Gender	New Hires	Resigned	Employee Turnover
Male	24.8%	20.8%	38.7%
Female	75.2%	79.2%	54.8%
Average turnover			**50.4%**

Note: Employee turnover was computed based on the number of employees who left during FY2023 over the average number of employees as at 31 March of FY2023 and FY2022.

Board diversity

Gender	FY2023	FY2022	FY2021
Male	100%	80%	80%
Female	0%	20%	20%

Occupational Health and Safety

GRI 403-1, 403-5, 403-9

At Zixin Group, we are committed to providing a healthy and safe working environment for all members in our organisation. We manage and monitor our operations in accordance with the national health and safety guidelines and regulations.

We continue to stay vigilant in managing and monitoring the health and safety risks through enforcement of policies and procedures including Workplace Safety Policy as well as employee behaviour and responsibility guidelines stated in Employees Handbook as part of our effort to keep a healthy and safe working environment for the members of our organisation We believe self-responsibility will minimise work-related injuries and fatalities, and improve cohesiveness among members of the organisation.

We have also put in place staff handbook and safety manuals, and all employees will have to undergo courses to equip themselves with the necessary knowledge and skills required for their roles and responsibilities. Internal training courses are carried out on a regular basis to new and existing members of the organisation to ensure that they are aware of the various policies and standard procedures, and the continuous emphasis on the importance of complying with the safety standards and rules in the workplace to ensure work-related injuries are kept to the minimal. Selected training seminars on natural disasters, earthquakes, floods, fire warnings and self-rescue methods through external professional engagement to equip our employees are carried out approximately four times a year. We believe such emergency precautionary courses are essential to our employees.

We continue to seek to identify and manage occupational exposure risks, minimise occurrences of occupational illnesses and promote healthy lifestyles, providing a healthy and safe working environment to all members of the organisation. Daily morning briefings and irregular and regular spot checks are carried out to emphasise and remind on workplace safety, particularly where operations involved equipment and machinery.

For FY2023, we continue to record zero incidents resulting in fatality and permanent disabilities.

Performance in FY2023

- Recorded no significant work-related injuries and fatalities.
- No incident of non-compliance with the relevant laws and regulations relating to occupational health and safety.
- Achieved targets set for FY2023.

Targets for FY2024

- Continue to carry out refresher training regularly for our employees to ensure they are aware of the policies and standard procedures, and the importance of complying with the safety standards and regulations in the workplace to keep work-related injuries to the minimal.
- To maintain no incident of significant work-related injuries and fatalities.
- To maintain no incident of non-compliance with the relevant laws and regulations occupational health and safety, providing a safe working environment and protecting employees from occupational hazards.

Skills Competency and Employee Training
GRI 404-1

At Zixin Group, we view our employees as the lifeline of our organisation and it is essential to continue our practice in enhancing the value of our employees who contribute to the success of our businesses.

Every employee in the Zixin Group is given the opportunity to upgrade and improve their skills and knowledge through formal and on-the-job training programmes. Training programmes are selected according to the role and responsibilities of the employees. These training programmes include: a) hygiene and disease prevention measures, b) workplace safety, c) 5S production management, d) skills enhancement, e) corporate culture and governance, f) administrative management methods and concepts, and g) teambuilding and teamwork. We will continue to look into ways to enable our employees to grow with the organisation.

Amidst the stringent precautionary measures, we increased training schedules for our employees across different operational levels to prepare them for the handling and management of new production lines and business operations in FY2023. We achieved an average of 16.8 hours of training programmes per employee in FY2023 as compared to an average of 14.6 hours of training programmes per employee in FY2022.

Total number of training hours per employee

	Average number of training hours		
Catagory	FY2023	FY2022	Variance
Office			
Management	150	132	+13.6%
Executive	130	120	+8.3%
Non-executive	118	120	-1.7%
Manufacturing			
Executive	100	96	+4.2%
Non-executive	100	96	+4.2%

For the year ahead, we intend to carry out training programmes for the executive levels in the areas specifically in management and operational planning, marketing and promotion of new product launches, and skillset upgrading, to prepare our current workforce to step up as we broadened our operations and product offerings in the form of biotechnological solutions and techniques.

Performance in FY2023

- Achieved target set in FY2023.
- Recorded an average of 16.8 hours per employee of training programmes for all employees based in China in FY2023 despite "zero-COVID" policy was in place until December 2022.

Targets for FY2024

- Continue to explore new training programmes to upgrade the knowledge and skills of our employees.
- To maintain and achieve at least the average of 16 hours per employee of training programmes for all employees.

Performance Appraisal

GRI 404-3

At the Zixin Group, our Human Resource department has a system in place to carry out performance appraisal for every individual employee for their roles and responsibilities annually.

The employee performance appraisal comprises mainly quantifiable evaluation criteria. In addition, we also actively collect performance information on every employee on a monthly basis through inputs from direct supervisors and feedbacks, as well as conducting periodical communication sessions with the employees of the various departments within the organisation. Through analysis of the information, we will be aware of the opportunities to develop training programmes to address the needs of the operational teams and the individual employee. We believe keeping ourselves attuned to the growth and development of our employees will enhance the overall growth of Zixin Group.

During FY2023, we continued to organise company retreats and gatherings for employees, as well as conducted interactive meetings with our employees to gain insights of the operational situations faced by them, as we enhance our manufacturing towards automation and planning to broaden our operations beyond Liancheng County.

Discretionary incentives such as bonuses are granted to eligible employees based on their performance, contributions to the Group and the Group's performance. Remuneration policies and packages are reviewed regularly to ensure that compensation and benefits are in line with the industry. This helps the Group in our recruitment and retention of talent.

Performance in FY2023

- Achieved targets set for FY2023.
- Conducted 100% performance evaluation for all employees.
- Conducted 12 employees' interactive meetings in FY2023.

Targets for FY2024

- To continue to conduct performance appraisal for all employees at least once a year.
- To continue to conduct interactive meetings for employees as a communication channel for feedback and suggestions.

Material Topic: Governance

Customer Health and Safety

GRI 416-2

At Zixin Group, we remain committed to uphold food safety and high-quality standards of our products and agri-tech solutions, which are of high priority to our commercial reputation and consumers' experience.

Our strong commitment to responsible sourcing for raw ingredients as we continue to assure food safety and high-quality of our fresh sweet potatoes and snack food products. This is the key rationale to cultivate our own sweet potato seedlings and develop our in-house farming techniques and supplied seedlings and farming solutions for our contracted farmland to grow the specific sweet potato varieties. This upstream farming process allows Zixin Group to ensure food safety right from the source.

Our snack food manufacturing facility complies with the requirements of Hazard Analysis and Critical Control Point ("**HACCP**") system certification. We have also in place our quality control teams to undergo regular food safety management training to maintain awareness and management of food safety risks in the production process. Regular audits on our operations to monitor the management and performance relating to hygiene, sanitation, and housekeeping are carried out to ensure the quality of our snack products.

Our food products are packed using approved food-grade materials and all our products passed the tests required by the Chinese national food safety standards and which is regulated by the China Food and Drug Administration ("**CFDA**").

Performance in FY2023

- Achieved targets set for FY2023.
- Recorded no incident of non-compliance with management controls and procedures.
- Maintained zero food safety incidents.

Targets for FY2024

- Continue to monitor and update the adequacy of the management controls and procedures.
- Continue to maintain our track record of zero food safety incidents.

SUSTAINABILITY REPORT

Regulatory Compliance
GRI 2-27

At Zixin Group, we operate our business in compliance with the relevant regulations and standards relating to environmental, food safety, social and economic through internal checks and balances, and regular reporting and updates to the relevant authorities and agencies. We are committed to perform beyond the compliance standards and legislative requirements, particularly our responsibility towards the environment, which is essential for agricultural business.

We have implemented internal policies that are aligned with the national environmental regulations, targeted at environmental protection, reducing carbon emissions, preventing pollution, and minimising waste in our daily business operations. We have also met the requirements of the wastewater emission standard of the Fujian Province with the commencement of the centralised wastewater treatment facility managed by the Liancheng County Government.

Third-party service providers have been engaged to manage all proper disposal of waste materials from our business operations. With our success in converting waste materials such as sweet potato peels, stems and leaves into functional food and ingredients for poultry and animal feed through our biotech R&D initiative, we believe we could potentially extend the benefits to other industries as well.

We continue to emphasise the importance of observing high standards of corporate governance and observing compliance with applicable laws and regulations in the locations where we operate. We are committed to conducting business with integrity to ensure the sustainability of our business and safeguarding the interests of all our stakeholders, both internal and external.

Please refer to the Corporate Governance Report found on page 47-74 of this annual report.

Performance in FY2023

- Achieved targets set for FY2023.
- Recorded no incident of non-compliance with the relevant laws and regulations relating to environmental, social and economic that could potentially result in internal disciplinary action or public allegation.
- Complied with the principles and guidelines set out in the Code of Corporate Governance 2018, where appropriate.
- Recorded no incident of non-compliance with management controls and procedures.

Targets for FY2024

- Continue to maintain no incident of non-compliance with the relevant laws and regulations in the environmental, social and economic aspect.
- Continue to maintain no incident of non-compliance with management controls and procedures.
- Continue to monitor and update the adequacy of the management controls and procedures.

SUSTAINABILITY REPORT

GRI Content Index

Statement of use	Zixin Group Holdings Limited has reported this information cited in this GRI content index for the period from 1 April 2022 to 31 March 2023 ("**FY2023**") with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standards	Disclosure	Reference
GRI 2: General Disclosures (2021)	2-1: Organisational details	Annual Report ("**AR**") – Company Profile, page 1
	2-2: Entities included in the organisation's sustainability reporting	AR – Corporate Structure, page 10
	2-3: Reporting period, frequency and contact point	Sustainability Report ("**SR**") - Board Statement, page 25
	2-6: Activities, value chain, and other business relationships	AR – Letter to Shareholders, page 2 to 5 AR – Business Operations, page 11 to 14
	2-9: Governance structure and composition	SR – Sustainability Governance, page 26 AR – Board of Directors, page 21 to 23 AR – Corporate Governance, page 47 to 52
	2-27: Compliance with laws and regulations	SR – Regulatory Compliance, page 42
	2-29: Approach to stakeholder engagement	SR – Stakeholder Engagement, page 27 to 28
GRI 3: Material Topics (2021)	3-1: Process to determine material topics	SR – Materiality Assessment, page 29
	3-2: List of material topics	SR – Materiality Assessment, page 29
	3-3: Management of material topics	SR – Materiality Assessment, page 29
GRI 201: Economic Performance	201-1: Direct economic value generated and distributed	SR – Economic Performance, page 30 SR – Research and Development, page 31
GRI 204: Procurement Practices (2016)	204-1: Proportion of spending on local suppliers	SR – Suppliers and Business Partners, page 32
GRI 302: Energy (2016)	302-1, 302-2: Energy Consumption	SR – Resource Efficiency, page 33 to 34
GRI 303: Water and Effluents (2018)	303-3, 303-5: Water Consumption	SR – Resource Efficiency, page 33 to 34
GRI 305: Emissions (2016)	305-1: Direct (Scope 1) GHG emissions	SR – Resource Efficiency, page 33 to 34
	305-2: Energy Indirect (Scope 2) GHG emissions	SR – Resource Efficiency, page 33 to 34
	305-4: GHG emissions intensity	SR – Resource Efficiency, page 33 to 34
GRI 306: Waste (2020)	306-3: Waste generated	SR – Waste, page 35
GRI 401: Employment (2016)	401-1: New employee hires and employee turnover	SR – Employment, Diversity and Equal Opportunity, page 36 to 37

GRI Standards	Disclosure	Reference
GRI 403: Occupational Health and Safety (2018)	403-1: Occupational health and safety management system	SR – Occupational Health and Safety, page 38
	403-5: Worker training on occupational health and safety	SR – Occupational Health and Safety, page 38
	403-9: Work related injuries	SR – Occupational Health and Safety, page 38
GRI 404: Training & Education (2016)	404-1: Average hours of training per year per employee	SR – Training and Advancement, page 5
	404-3: Percentage of employees receiving regular performance and career development reviews	SR – Performance Appraisal, page 40
GRI 405: Diversity and equal opportunity (2016)	405-1: Diversity of governance bodies and employees	SR – Employment, Diversity and Equal Opportunity, page 36 to 37
GRI 416: Customer Health and Safety (2016)	416-2: Non-compliance concerning the health and safety impacts of products and services	SR – Customer Health and Safety, page 41

TCFD Content Index

Based on the requirements in the Rule 711B(1) of the Catalist Rules and Practice Note 7F Sustainability Reporting Guide, we have mapped our climate-related disclosures based on TCFD Recommendations as shown in the table below.

TCFD Recommendations	Disclosure	Reference
GOVERNANCE		
Describe the board's oversight of climate-related risks and opportunities.	The Board of Directors oversees the Group's overall sustainability practices and climate-related risks and opportunities, and considers EESG and climate-related issues in the formulation of and approving overall long-term strategic objectives and directions. The Group has in place a Sustainability Committee comprising of the Sustainability Team Leaders who oversee the various departments in the organisation, and chaired by the Chief Executive Officer, who in turn, reports to the Board for advice and guidance. The Board maintains efficient oversight over the Sustainability Committee, reviews and considers sustainability issues, and the relevance and adequate practices as part the formulation of our strategies and policies to better manage sustainability risks and opportunities while ensuring all EESG and climate-related matters significant to our business are addressed.	SR – Board Statement, page 25 SR – Sustainability Governance, page 26
Describe management's role in assessing and managing climate-related risks and opportunities.		SR – Sustainability Governance, page 26
STRATEGY		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Zixin Group is adopting a progressive strategy towards managing climate-related risks. Identifying climate-related risks and opportunities of the Group will be carried out post-FY2023.	-
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Zixin Group is adopting a progressive strategy towards managing climate-related risks. Identifying the impact on climate-related risks and opportunities on the Group's business, strategy and financial planning will be carried out post-FY2023.	-
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Zixin Group is adopting a progressive strategy towards managing climate-related risks. Scenario analysis will be carried out post-FY2023.	-

TCFD Recommendations	Disclosure	Reference
RISK MANAGEMENT		
Describe the organisation's processes for identifying and assessing climate-related risks.	Zixin Group is adopting a progressive strategy towards managing climate-related risks. Identifying and assessing climate-related risks will be carried out post-FY2023.	-
Describe the organisation's processes for managing climate-related risks.	Zixin Group is adopting a progressive strategy towards managing climate-related risks. The Group's processes for managing climate-related risks will be determined and carried out post-FY2023.	-
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Zixin Group is adopting a progressive strategy towards managing climate-related risks. Analysis on integration with enterprise risk management of the Group will be carried out post-FY2023.	-
METRICS AND TARGETS		
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	As part of Zixin Group's annual sustainability reporting, we track metrics such as: - Scope 1 and 2 GHG emissions - Electricity and fuel consumptio	SR – Resource Efficiency, page 33 to 34
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	Scope 1 and Scope 2 GHG emissions are disclosed in our SR. We have reported and compared our Scope 1 and Scope 2 GHG emissions for both FY2022 and FY2023 based on manufacturing facilities and office premise located in Liancheng County, China. We will review and develop and report our Scope 3 GHG emissions, as and when appropriate.	SR – Resource Efficiency, page 33 to 34
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Zixin Group is adopting a progressive strategy towards managing climate-related risks. Appropriate targets shall be analysed and set post-FY2023.	-

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 2023 ("**FY2023**"), 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 the following Directors:

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

Prior to the resignation of Ms Duanmu Xiaoyi with effect from 31 March 2023, the Board comprised the following directors:

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

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

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 judgments 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**").

CORPORATE GOVERNANCE REPORT

Each of the Board Committees are constituted with clear written terms of reference and 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.

Management in conducting the day-to-day operations of the Group 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 FY2023 and up to the date of this Annual Report is as follows:

Name of Director	Board	Audit	Nominating	Remuneration
Number of Meetings held				
	5	4	1	1
PRESENT DIRECTORS				
Number of Meetings attended				
Liang Chengwang	4	3*	1*	1*
Duanmu Xiaoyi**	5	4*	1*	1*
Ng Poh Khoon	5	4	1	1
Xue Congyan	4	4	1	1
Lawrence Chen Tse Chau (Chen Shichao)	5	4	1	1

* By invitation

** Ms Duanmu Xiaoyi has resigned as the Executive Director of the Company with effect from 31 March 2023.

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.

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 organized 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) 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.

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 Code 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 FY2023, ensured that its Board comprised three (3) Non-Executive and Independent Directors to take into account the guidance set out in Provision 2.2 and 2.3 of the Code. For FY2023, the appointment of three (3) Independent Directors out of five (5) 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 to 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 FY2023, 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/.

CORPORATE GOVERNANCE REPORT

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.

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 2022. In seeking to align with the aspirational targets of the Council for Board Diversity, the NC and the Board will consider the appointment of director(s) at the Company's next annual general meeting ("**AGM**"), with a view to returning to at least 20% female representation on its Board by 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.

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 FY2023, 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 Ng Poh Khoon currently continues to serve 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 FY2023, 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, subject to shareholders' approval being obtained for the re-election of Mr Xue Congyan and Mr Lawrence Chen Tse Chau (Chen Shichao) at the forthcoming AGM, the Company is also proposing to rotate the positions of its Lead Independent Director, AC Chairman and RC Chairman, such that the Company's Board of Directors, AC and RC shall be as follows post-rotation:

Board of 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
Xue Congyan	Non-Executive and Independent Director
Ng Poh Khoon	Non-Executive and Independent Director

Audit Committee

Name of Directors	Designation
Lawrence Chen Tse Chau (Chen Shichao)	Chairman
Xue Congyan	Member
Ng Poh Khoon	Member

Remuneration Committee

Name of Directors	Designation
Ng Poh Khoon	Chairman
Xue Congyan	Member
Lawrence Chen Tse Chau (Chen Shichao)	Member

For the avoidance of doubt, there shall be no change to the composition of the NC post-rotation. 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 FY2023, the Non-Executive and Independent Directors had 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:

(a)	Xue Congyan (Chairman) *(appointed as a member and Chairman on 8 August 2019)*	Non-Executive and Independent Director
(b)	Ng Poh Khoon *(appointed as a member on 31 May 2018)*	Non-Executive and Lead Independent Director
(c)	Lawrence Chen Tse Chau (Chen Shichao) *(appointed as a member on 26 October 2020)*	Non-Executive and 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;

(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.

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 Xue Congyan and Mr Lawrence Chen Tse Chau (Chen Shichao) are due for retirement and re-election pursuant to Article 99 of the Company's Constitution. After assessing the contributions of Mr Xue Congyan and Mr Lawrence Chen Tse Chau (Chen Shichao), the Board has accepted the NC's recommendation that Mr Xue Congyan and Mr Lawrence Chen Tse Chau (Chen Shichao), 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 143 to 149.

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 FY2023, 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 Ng Poh Khoon, Mr Xue Congyan and Mr Lawrence Chen Tse Chau (Chen Shichao) 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.

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.

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 FY2023, 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 FY2023. 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 FY2023. If required, the NC has full authority to engage external facilitators to assist with the evaluation process.

The Board and the NC noted that a public reprimand dated 16 June 2023 was issued by SGX RegCo in respect of Mr Ng Poh Khoon's former directorship as Non-Executive and Non-Independent Director of NutryFarm International Limited ("**NutryFarm**") (the "**Public Reprimand**"). In summary, the SGX-ST has reprimanded NutryFarm's former directors ("**Former Directors**"), including Mr Ng Poh Khoon for breach of Listing Rule 703(1)(b) read with paragraph 4 of Appendix 7.1, in which the concerns raised by SGX RegCo include:

(a) the Former Directors being aware that information about the ongoing negotiations concerning the Proposed Restructuring (as defined in the Public Reprimand) was not in the public domain, but not being circumspect in their response to queries of the unusual trading activity of NutryFarm in January 2022;

(b) the Former Directors not considering if there was any material information which had not been publicly disclosed that could explain the trading behavior; and

(c) the Former Directors making the assumption that information on the Proposed Restructuring continued to remain confidential even though there was little basis to assume this, and not erring on the side of caution by taking the necessary appropriate action, such as making an immediate full announcement or a holding statement or requesting a trading halt.

The NC and the Board have considered the matters set out in the Public Reprimand, and have assessed that Mr Ng Poh Khoon should retain his directorship in the Company in view of the following reasons:

(a) Mr Ng Poh Khoon has contributed to both the Board and the Company effectively, and has demonstrated commitment to his various roles, as evidenced by the Board's assessment of Mr Ng Poh Khoon's performance for the financial years ended on 31 March 2022 ("**FY2022**") and FY2023;

(b) aside from attending all Board, AC, RC and NC meetings in FY2022 and FY2023, Mr Ng Poh Khoon has also been proactive in his roles with the respective committees and as an Non-Executive and Independent Director of the Company;

(c) Mr Ng Poh Khoon has confirmed that the breach set out in the Public Reprimand is a one-off incident, and that he has been and shall be more vigilant in fulfilling his duties as director of the Company, in particular duties pertaining to disclosure of material information;

(d) with the Company posting RMB 14.2 million in net loss for FY2023, the NC is of the view that it may not be prudent for the Company to divert its attention to seeking the cessation of Mr Ng Poh Khoon and onboarding a new director with no institutional knowledge of the Company's and its subsidiaries' operations; and

(e) it is also noted that the Public Reprimand did not require undertaking(s) from Mr Ng Poh Khoon to cease holding directorships on the board of directors, or role as a key executive officer of issuers whose securities are listed on the SGX Mainboard or Catalist; and

(f) based on the aforesaid, the NC and the Board are of the view that the breach set out in the Public Reprimand does not impinge on the character and integrity of Mr Ng Poh Khoon as a director of the Company.

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)	Lawrence Chen Tse Chau (Chen Shichao) (Chairman) (appointed as a member and Chairman on 26 October 2020)	Non-Executive and Independent Director
(b)	Ng Poh Khoon (appointed as a member on 31 May 2018; appointed as Chairman on 13 August 2018 until 26 September 2019)	Non-Executive and Lead Independent Director
(c)	Xue Congyan (appointed as a member on 8 August 2019)	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 (formerly known as the China Star Employee Share Option Scheme) ("**Zixin ESOS**") and the Zixin Performance Share Plan (formerly known as the China Star Performance Share Plan) ("**Zixin PSP**") (collectively referred to as the "**Schemes**") and shall have all the power as set out in the Schemes;

(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 Directors as well as the key management personnel and they are of the view that the Executive Directors 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 FY2023.

CORPORATE GOVERNANCE REPORT

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 Directors 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, Group Executive Director and Group 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.

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 FY2023 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
Duanmu Xiaoyi[3]	100	–	–	–	100
Non-Executive and Independent Directors					
S$250,000 and below					
Ng Poh Khoon	–	–	100	–	100
Xue Congyan	–	–	100	–	100
Lawrence Chen Tse Chau (Chen Shichao)	–	–	100	–	100

Key management personnel[4]

	Salary %[1]	Performance Based Bonus %[1]	Directors' Fees %	Other Benefits[2] %	Total %
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) Ms. Duanmu Xiaoyi has resigned as the Company's Executive Director with effect from 31 March 2023.
(4) 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 FY2023 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.

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

		Shareholding	
Name	Position	Direct	Indirect
Liang Chengwang	Executive Chairman and Chief Executive Officer	Nil	220,566,000 ordinary shares(1) (15.94%)

Note:

(1) Mr Liang Chengwang is deemed to be interested in the 220,566,000 ordinary shares held by CGS-CIMB 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 and/or awards have been granted under the Zixin ESOS and Zixin PSP respectively.

Further details of the Schemes are set out in the "Statement by Directors" 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.

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 FY2023.

The Board has received assurance from the CEO and CFO that the financial records of the Group for FY2023 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)	Ng Poh Khoon (Chairman) *(appointed on 13 August 2018)*	Non-Executive and Lead Independent Director
(b)	Xue Congyan *(appointed as a member on 8 August 2019)*	Non-Executive and Independent Director
(c)	Lawrence Chen Tse Chau (Chen Shichao) *(appointed as a member on 26 October 2020)*	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.

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;

(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 FY2023, 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 FY2023, 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 81 to 86 of this Annual Report.

The AC has separately met with the external auditors once in the absence of Management for FY2023.

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 FY2023.

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 FY2023 is S$172,000.

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 Company confirms that Rules 712 and 715 of the Catalist Rules have been complied with in view of the appointment of RT for the Group.

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.

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 FY2023.

The AC has reviewed the adequacy and effectiveness of the Group's internal audit function annually and is satisfied that for FY2023, 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 FY2023.

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 FY2023 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.

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.

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.

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 wishes to highlight that the above description is the Company's usual practice when there are no pandemic risks arising from COVID-19 and when the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**") is not in operation.

The last AGM held by the Company on 31 March 2022 (the "**FY2022 AGM**") had been conducted by the Company by way of electronic means. Accordingly, shareholders who wished to exercise their voting rights had been required to appoint the Chairman of the respective meetings as their proxy to attend and vote on their behalf at the respective meetings.

As physical attendance for the FY2022 AGM was not practicable due to the COVID-19 situation, the Company had instead informed shareholders to submit their questions in advance of the respective meetings and that the Company would address their questions either prior to the respective meetings or during the respective meetings itself.

These measures are in accordance with the Order and the Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation issued by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and the Singapore Exchange Regulation which was issued on 13 April 2020 and updated periodically (the "**Guidance Note**"). As Singapore has progressively transitioned towards living with COVID-19 and meetings can take place physically, in December 2022, the Singapore authorities announced that the Order will cease on 1 July 2023. Separately, pursuant to legislative amendments (with effect from 1 July 2023) to the Companies Act 1967 of Singapore, as read with Catalist Rule 730A and the practice guidance issued by the SGX-ST on the conduct of general meetings by issuers on and after 1 July 2023, listed companies are required to hold all their general meetings either at a physical place in Singapore, or at a physical place in Singapore and using virtual meeting technology. Listed companies are guided by the SGX-ST to have regard to the size and needs by their shareholder base and to facilitate shareholder engagement. In this regard, the Company's upcoming AGM in respect of FY2023 will be held on 31 August 2023 in a wholly physical format at a place in Singapore, the details of which are set out in the notice of the FY2023 AGM.

Separate resolutions on each distinct issue are tabled at general meetings and voting on each resolution by poll is carried out systematically with proper recording of votes cast and the resolution passed. "Bundling" of resolutions are kept to a minimum and are done only where the resolutions are interdependent so as to form one (1) significant proposal and only where there are reasons and material implications justifying the same are explained. 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 answering the shareholders' queries, if necessary. All Directors have attended all general meetings held during FY2023.

If shareholders are not able to attend these meetings, they can appoint up to two (2) proxies to attend and vote in their place. 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.

As mentioned in the paragraphs above, due to COVID-19 and in accordance with the Order and the Guidance Note, shareholders who wished to exercise their voting rights had been required to appoint the Chairman of the respective meetings as their proxy to attend and vote on their behalf at the respective meetings.

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 FY2023. In view that the Group's operations are primarily based in China, which has only recently been relieved of the COVID-19 restrictions in December 2022 and COVID-19 surge, the Group intends to conserve cash resources as a precautionary measure against unpredictable market conditions. Further, given that the Group has already commenced construction of the first phase of expansion into high-tech manufacturing and research capabilities and that such construction projects are still ongoing, the Board has deemed it necessary for the Group to maintain its current cash reserve to fund the remaining construction costs of the first phase of expansion and guard against unexpected costs that may arise, such as fluctuations in material costs, renovation or plant and machinery costs that the Group may incur after construction has completed. Accordingly, conserving its cash resources will ensure that the operations of the Group as well as the upcoming phases of its construction projects are not significantly affected. The Group aims to keep the progress of its construction projects undisturbed, as any prolonging of the construction time will result in an increase in construction costs. In addition to the above, 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;

(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/.

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 FY2023. 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. Novus Corporate Finance Pte. Ltd. ("**NCF**") is currently the continuing sponsor of the Company.

During FY2023, there were non-sponsor fees paid to NCF amounting to S$40,660.

Sustainability Reporting

Pursuant to Rule 711A, 711B of the Catalist Rules, the Company's sustainability report is set out from pages 25 to 46 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 "**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 Net Cash Proceeds from the Placement in its unaudited financial statements and dividend announcement for the financial period ended 30 September 2022 dated 14 November 2022, the utilisation of the Net Cash Proceeds as of the cut-off date at 31 July 2023 is set out as follows:

	Allocation of the Net Cash Proceeds (S$'000)	Balance brought forward from 16 March 2023 (S$'000)	Amount utilised as of the cut-off date at 31 July 2023 (S$'000)	Balance (S$'000)
To fulfil the paid-up share capital requirement of Fujian Zixin[(1)]	5,200	5,200	–	5,200[(2)]
Future expansion of the Group's business in Singapore[(3)]	4,000	3,600	200	3,400
Working capital for the Group[(4)]	2,700	1,041	614	427
	11,900	9,841	814	9,027

Notes:

(1) Please refer to the Company's announcements dated 21 September 2021 and 23 September 2021 for further details.

(2) With reference to the Company's announcement dated 21 September 2021 and its responses to questions from shareholders dated 23 September 2021, the Company had stated its intention to fulfill the capital commitment of its wholly-owned subsidiary, Fujian Zixin's registered share capital through funds raised from the FY2022 Placement. Due to the difficult global market conditions and the outbreak and resurgence of COVID-19 in the PRC since February 2022, the Company had to devote all its attention to the Group's operational and business needs. As a result, the procedure of fulfilling the capital commitment of Fujian Zixin has been temporarily put on hold. Accordingly, the Net Cash Proceeds allocated for the purpose of fulfilling the paid-up share capital requirement of Fujian Zixin remains unutilised as at the date of this annual report.

(3) Please refer to the Company's announcements dated 21 September 2021 and 23 September 2021 for further details.

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

	Working Capital (S$'000)
Summary of expenses:	
Employee benefit expenses (including director's remuneration)	78
Administrative and miscellaneous expenses	273
Directors' fees	97
Accruals and other payables	166
Total	614

DIRECTORS' STATEMENT

For the financial year ended 31 March 2023

The directors of the Company hereby present the accompanying audited consolidated financial statements of Zixin Group Holdings Limited (formerly known as China Star Food Group Limited) (the "**Company**") and its subsidiaries (the "**Group**") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2023.

1. Opinion of the Directors

In the opinion of the directors,

(a) the accompanying consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023 and of the financial performance, changes in equity and cash flows of the Group, and statement of changes in equity of the Company for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

The directors of the Company in office at the date of this statement are:

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

3. Directors' Interests in Shares and Debentures

The directors of the Company holding office at the end of the financial year had no interests in shares in or debentures of the Company or other related body corporate as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act 1967 (the "**Act**") except as follows:

	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
Name of directors and company in which interest are held	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Liang Chengwang	–	–	220,566,000	220,566,000

3. Directors' Interests in Shares and Debentures (cont'd)

The director interests as at 21 April 2023 were same as those as at the end of the financial year.

By virtue of section 7 of the Act, Mr Liang Chengwang is deemed to have an interest in all the related body corporates of the Company.

4. Arrangements to Enable Directors to Acquire Benefits by Means of the Acquisition of Shares and Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objective was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" in this statement.

5. Share Options and Performance Shares

Share options

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted.

At the end of the reporting year, there were no unissued shares of the Company or other body corporate in the Group under option.

Zixin Employee Share Option Scheme (formerly known as China Star Employee Share Option Scheme)

The Zixin Employee Share Option Scheme (formerly known as China Star Employee Share Option Scheme) (the "**Scheme**") was approved by the shareholders of the Company at an extraordinary general meeting held on 20 July 2015.

The Scheme shall continue to be in force at the discretion of the Remuneration Committee ("**RC**"), subject to a maximum period of 10 years commencing on the date the Scheme was adopted by the Company in the general meeting i.e. 20 July 2015, provided always that the Scheme may continue beyond the above stipulated period with the approval of shareholders by an ordinary resolution in a general meeting and any relevant authorities which may then be required.

The Scheme may be terminated at any time by the RC or by a resolution of the Company in a general meeting subject to all relevant approvals, which may be required, and if the Scheme is terminated, no further option shall be offered by the Company.

The Scheme provides for the grant of ordinary shares of the Company to employees, executive directors, non-executive directors (including independent directors) of the Company and its subsidiaries, including those who may be the controlling shareholders.

The Scheme is administered by the RC comprising three directors, namely, Mr Lawrence Chen Tse Chau (Chen Shichao), Mr Xue Congyan and Mr Ng Poh Khoon in its absolute discretion with such powers and duties as may be conferred on it by the board of directors of the Company, which will determine the terms and conditions of the grant of the options. Where a member of the RC is also a proposed participant, he will not be involved in the deliberations and decisions of the RC in respect of the options granted, or to be granted, to him/her or his/her associate(s).

5. Share Options and Performance Shares (cont'd)

Zixin Employee Share Option Scheme (formerly known as China Star Employee Share Option Scheme) (cont'd)

The aggregate number of new shares that may be allotted and issued from time to time upon the exercise of the options granted pursuant to the Scheme ("**Option Shares**") over which the RC may grant options on any date (including the number of Option Shares which have been and are to be issued upon the exercise of the options in respect of all options granted under the Scheme and any other share scheme then in force) shall not exceed 15% of the total number of shares (excluding treasury shares and subsidiary holdings) on the day preceding that date.

The aggregate number of Option Shares over which options may be granted under the Scheme to controlling shareholders and/or their associates shall not exceed 25% of the Option Shares available under the Scheme, and the number of Option Shares over which an option may be granted under the Scheme to each controlling shareholder or his/her associate shall not exceed 10% of the Option Shares available under the Scheme.

Subject to any adjustment pursuant to Rule 10 of the Rules of the Scheme, the exercise price for each share in respect of which an option is exercisable shall be payable upon the exercise of the option and shall be determined by the RC in its absolute discretion, on the date of grant, and fixed by the RC at:

(a) the market price; or

(b) a price which is set at a discount to the market price, provided that:

   (i) the maximum discount shall not exceed 20% of the market price. The RC shall have the sole and absolute discretion to determine the exact amount of discount to each participant; and

   (ii) the shareholders in a general meeting shall have authorised, in a separate resolution, the making of offers and grants of options under the Scheme at a discount not exceeding the maximum discount as aforesaid.

Options granted with the exercise price set at market price shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 100 shares or any multiple thereof), by a participant after the first anniversary of the date of grant of that option, and options granted with the exercise price set at a discount to market price shall only be exercisable by a participant after 2 years from the date of grant of that option.

Group employees (including executive directors) who are granted options must exercise their options before the 10th anniversary from the date of grant and Group non-executive directors (including independent directors) who are granted Options must exercise their options before the 5th anniversary from the date of grant, failing which all unexercised options shall immediately lapse and become null and void and a participant shall have no claim against the Company.

Since the approval of the Scheme by the shareholders of the Company, no option was granted.

Zixin Performance Share Plan (formerly known as China Star Performance Share Plan

The Zixin Performance Share Plan (formerly known as China Star Performance Share Plan) (the "**Plan**") was approved by the shareholders of the Company at an extraordinary general meeting held on 20 July 2015.

The Plan shall continue to be in force at the discretion of the RC, subject to a maximum period of 10 years commencing on the date the Plan was adopted by the Company in the general meeting i.e. 20 July 2015, provided always that the Plan may continue beyond the above stipulated period with the approval of shareholders by an ordinary resolution in a general meeting and any relevant authorities which may then be required.

5. Share Options and Performance Shares (cont'd)

Zixin Performance Share Plan (formerly known as China Star Performance Share Plan) (cont'd)

The Plan may be terminated at any time by the RC or by resolution of the Company in general meeting subject to all relevant approvals, which may be required, and if the Plan is terminated, no further award shall be vested in the Company.

The Plan is administered by the RC comprising three directors, namely, Mr Lawrence Chen Tse Chau (Chen Shichao), Mr Xue Congyan and Mr Ng Poh Khoon, in its absolute discretion with such powers and duties as may be conferred on it by the board of directors of the Company, which will determine the terms and conditions of the grant of the awards. Where a member of the RC is also a proposed participant, he will not be involved in the deliberations and decisions of the RC in respect of the awards granted, or to be granted, to him/her or his/her associate(s).

The Company will be delivering shares pursuant to the award granted under the Plan in the form of existing shares held as treasury shares and/or an issue of new shares that may be allotted and issued from time to time upon the vesting of an award granted pursuant to the Plan. The performance shares issued under the Plan, when added to all awards granted under any other share option, share incentive, performance share or restructured share plan implemented by the Company and for the time being in force, shall not exceed 15% of the issued share capital of the Company from time to time.

In determining whether to issue performance share or to purchase existing shares for delivery to participants upon vesting of their award, the Company will take into account factors such as (but not limited to) the number of shares to be delivered, the prevailing market price of the shares and the financial effect on the Company of either issuing performance shares or purchasing existing shares.

Insofar as in relation to the number of treasury shares that may be held pursuant to the Act as amended by the Companies (Amendment) Act 2014, such a method is not subject to any further limit under prevailing legislation and Singapore Exchange Securities Trading Limited ("**SGX-ST**") guidelines as it does not involve the issuance of any performance shares.

An award letter confirming the award and specifying, *inter alia*, in relation to the award, the prescribed performance target(s), the performance period during which the prescribed performance target(s) are to be satisfied and the date by which the award shall be vested, will be sent to each participant as soon as reasonably practicable after the award is finalised. Notwithstanding that a participant may have met his/her performance targets, no award shall vest in a participant in the following circumstances:

(a) upon the bankruptcy of a participant or the happening of any other event which results in his/her being deprived of the legal or beneficial ownership of such award;

(b) in the event of any misconduct of a participant as determined by the RC in its discretion;

(c) in the event that the RC shall, in its discretion, deems it appropriate that such award shall so lapse on the grounds that any of the objectives of the Plan have not been met; or

(d) in the event that the participant ceases to be employed by the Company before vesting of the award to him/her.

The intention is to award shares based on pre-determined dollar amounts such that the quantum of shares comprised in award is dependent on the closing price of shares transacted on the market day the award is vested. The RC will also monitor the grant of award carefully to ensure that the size of the Plan complies with the relevant rules of the SGX-ST.

Since the approval of the Plan by the shareholders of the Company, no award was granted.

6. Audit Committee

The members of the audit committee at the date of this report are as follows:

Ng Poh Khoon	Chairman
Xue Congyan	Member
Lawrence Chen Tse Chau (Chen Shichao)	Member

The audit committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

(a) reviewed with the independent external auditors their audit plan;

(b) reviewed with the independent external auditors their evaluation of the Company's internal accounting controls that are relevant to their statutory audit, their report on the financial statements and the assistance given by the management to them;

(c) reviewed with the internal auditors their scope and results of the internal audit procedures (including those relating to financial, operational, compliance and information technology controls and risk management) and the assistance given by management to them;

(d) reviewed the financial statements of the Group and the Company prior to their submission to the board of directors of the Company for adoption; and

(e) reviewed the interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual Section B: Rule of Catalist).

Other functions performed by the audit committee are described in the Corporate Governance Report included in the Annual Report of the Company. It also includes an explanation of how independent auditors' objectivity and independence is safeguarded where the independent auditors provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RT LLP, be nominated for re-appointment as the independent auditors at the next annual general meeting of the Company.

7. Independent Auditor

RT LLP has expressed willingness to accept re-appointment.

On behalf of the Board of Directors

....	....
Liang Chengwang	Ng Poh Khoon
Director	Director

14 August 2023

INDEPENDENT AUDITOR'S REPORT

To The Members of Zixin Group Holdings Limited
(Formerly Known As China Star Food Group Limited) (Registration No: 200718683N)
For The Financial Year Ended 31 March 2023

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Zixin Group Holdings Limited (formerly known as China Star Food Group Limited) (the "**Company**") and its subsidiaries (collectively the "**Group**"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2023 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the financial position of the Group and the financial position of the Company as at 31 March 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the *auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("**ACRA**") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on the Audit of the Financial Statements (cont'd)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significant in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
Upfront payments for supplies of sweet potatoes	
As stated in Note 18, the carrying amount of the upfront payments made to five sweet potatoes suppliers as at 31 March 2023 is RMB 117,700,000 (FY2022: RMB 130,690,000). The Group, through one of its subsidiaries, Liancheng Dizhongbao Modern Agriculture Development Co., Ltd. ("**Dizhongbao**"), had entered into purchase contracts with a few suppliers to secure the supply of quality raw sweet potatoes at fixed prices of at least 10% lower to the market prices when the contracts were entered into. During the financial year ended 31 March 2018, Dizhongbao entered into the purchase contracts with three suppliers to guarantee the supply of an aggregate of 12,190 tonnes of raw sweet potatoes on a yearly basis. Total upfront payments made to the three suppliers amounted to an aggregate amount of RMB 131,715,000. During the financial year ended 31 March 2019, Dizhongbao entered into purchase contracts with another two suppliers for the supply of an aggregate of 6,900 tonnes of sweet potatoes on a yearly basis. An aggregate upfront payments of RMB 71,500,000 were paid to the two suppliers. During the financial year ended 31 March 2023, Dizhongbao made additional upfront payments of RMB 24,611,500 to the one supplier for purchase contracts entered during the financial year ended 31 March 2018 upon full utilization of upfront payments made in the financial year ended 31 March 2018. All the above-mentioned agreements carry similar terms. The agreements last for 15 years and grant Dizhongbao with the first right of refusal of the supply of sweet potatoes. In return, Dizhongbao pays upfront payments to the suppliers once every 5 years. The upfront payments are used to offset the purchase within the 5 years. In case of the upfront payments are fully utilised within the 5 years, the payment of subsequent purchase is due according to the agreed terms per respective contracts.	We consider the audit of upfront payments for suppliers of sweet potatoes to be a key audit matter due to the magnitude of the amount recognised in the financial statements. Our audit procedures focused on evaluating the business rationale of these transactions and the financial ability of the suppliers to fulfil their commitments to supply the sweet potatoes to the Group. These procedures include: • Sighting of suppliers' invoices on the purchases during the year; • Assessed management's estimation on the upfront payments classification in current and non-current assets; • Obtained confirmations from the suppliers to confirm the upfront payment balances as at 31 March 2023; • Assessed the suppliers' financial strengths by performing background checks and reviewed their financial statements; • Assessed the recoverability and validity of the upfront payment balances by checking whether the suppliers have fulfilled their commitment in supplying the raw sweet potatoes over the past few years; and • Assessed the purchase prices entered into with the suppliers during the year were discounted as agreed in the agreements with the suppliers.

Report on the Audit of the Financial Statements (cont'd)

Key audit matters (cont'd)

Key Audit Matters (cont'd)	How the matter was addressed in the audit
Impairment assessment of investment in subsidiary	
As stated in Note 16, the Company has investment in subsidiary with carrying amount of RMB 803,636,000 (before impairment loss). SFRS(I) 1-36 *Impairment of Assets* requires that when there is any indication of impairment, the reporting entity shall estimate the recoverable amount of that asset. During the current financial year, management performed an impairment test for the investment in Zixin International Pte. Ltd. as the cost of investment in the subsidiary is higher than its net tangible assets. The recoverable amount is defined as the higher of the subsidiary's fair value ("**FV**") less cost of disposal and its value in use ("**VIU**"). Management is of the view that there is no basis for making a reliable estimate of the price, that is, fair value at which an orderly transaction to sell the asset could not be reliably estimated, and therefore has used VIU as the recoverable amount. Accordingly, management has developed the VIU valuation as its recoverable amount. During the financial year, the Company made an impairment loss of RMB Nil (2022: RMB 284,000,000) on its investment in subsidiary, being the difference between the book value and VIU (recoverable amount). Following this impairment loss, the Company's investment in subsidiary amounted to RMB 519,636,000, which represent approximately 83% of the Company's total assets. The significant judgement, assumptions and estimates, including the basis, used for the assessment of the recoverable amount of investment in subsidiary are disclosed in Note 16A to the financial statements.	We consider the audit of investment in subsidiary to be a key audit matter due to the significant management judgement involved. Our audit focused on evaluating the key assumptions, judgements and estimations used by management in conducting the valuation and impairment review of the subsidiary. Our audit procedures included but were not limited to the following: • Challenged and tested the assumptions, judgements and estimations used in VIU valuation and assessed the accuracy of the historical data and reasonableness of projections used in forecast model as the basis for arriving at the estimated discounted future cash flows ("**DCF**"); • Tested the integrity of inputs of the projected cash flows used in the valuation; and • Reviewed and challenged the cash flow forecasts used with the comparison to recent information, historical trend analysis to the extent relevant.

Report on the Audit of the Financial Statements (cont'd)

Information other than the financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the information listed below that is included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

(a) Corporate Profile;
(b) Chairman's Letter to Shareholders;
(c) Business Operations;
(d) Corporate Structure;
(e) Financial Highlights;
(f) Performance Review;
(g) Board of Directors;
(h) Key Management;
(i) Sustainability Report;
(j) Corporate Governance Report;
(k) Directors' Statement;
(l) Statistics of Shareholdings; and
(m) Notice of Annual General Meeting.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Report on the Audit of the Financial Statements (cont'd)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significant in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Financial Statements (cont'd)

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporation incorporated in Singapore of which we are the auditor have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Kenneth Ng Boon Chong.

RT LLP
Public Accountants and
Chartered Accountants

Singapore
14 August 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	5	219,600	289,132
Cost of sales		(160,381)	(211,521)
Gross profit		59,219	77,611
Finance income	6	933	682
Other income	7	632	459
Marketing and distribution costs	8	(30,804)	(37,349)
Administrative expenses	9	(35,746)	(33,511)
Other losses	10	(1,599)	(516)
Other operating expenses		(194)	–
Finance costs	6	(1,869)	(1,465)
(Loss)/Profit before income tax		(9,428)	5,911
Income tax expenses	12	(4,762)	(2,259)
(Loss)/Profit for the year, net of tax		(14,190)	3,652
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		106	(140)
Total comprehensive (loss)/income for the year		(14,084)	3,512
		RMB cents	RMB cents
(Loss)/Earnings per share			
Basic and diluted (loss)/earning per share	13	(1.03)	0.34

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2023

		Group		Company	
		2023	2022	2023	2022
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	142,228	128,327	–	158
Intangible assets	15	75,284	37,068	–	–
Investments in subsidiaries	16	–	–	519,636	519,636
Other receivables, non-current	17	–	11	–	–
Other assets, non-current	18	82,664	86,821	–	–
Deferred tax assets	12	1,471	5,441	–	–
Total non-current assets		301,647	257,668	519,636	519,794
Current assets					
Inventories	19	1,963	2,439	–	–
Trade and other receivables	17	21,945	41,177	102,943	91,828
Other assets, current	18	56,225	69,838	129	176
Cash and bank balances	20	205,496	197,506	6,074	14,022
Total current assets		285,629	310,960	109,146	106,026
Total assets		587,276	568,628	628,782	625,820
EQUITY AND LIABILITIES					
Equity					
Share capital	21	239,150	239,150	938,574	938,574
Retained earnings/(accumulated losses)		214,616	229,910	(364,607)	(357,616)
Other reserves	22	46,155	44,945	50,970	40,778
Total equity		499,921	514,005	624,937	621,736
Non-current liabilities					
Other payables, non-current	23	2,740	–	–	–
Lease liability, non-current		246	–	–	–
		2,986	–	–	–
Current liabilities					
Income tax payable		–	129	–	–
Trade and other payables	23	37,071	18,534	3,845	3,924
Lease liability, current		198	160	–	160
Other financial liabilities	24	47,100	35,800	–	–
Total current liabilities		84,369	54,623	3,845	4,084
Total liabilities		87,355	54,623	3,845	4,084
Total equity and liabilities		587,276	568,628	628,782	625,820

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 March 2023

Group:	Share capital	Other reserves	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance at 1 April 2021	182,572	45,021	226,322	453,915
Total comprehensive (loss)/income for the year				
Profit for the year	–	–	3,652	3,652
Other comprehensive loss	–	(140)	–	(140)
Total comprehensive (loss)/income for the year	–	(140)	3,652	3,512
Transactions with owners, recognised directly in equity				
Transferred from/(to) retained earnings	–	64	(64)	–
Issuance of new shares	56,578	–	–	56,578
Total transactions with owners	56,578	64	(64)	56,578
Closing balance at 31 March 2022	239,150	44,945	229,910	514,005
Opening balance at 1 April 2022	239,150	44,945	229,910	514,005
Total comprehensive income/(loss) for the year				
Loss for the year	–	–	(14,190)	(14,190)
Other comprehensive income	–	106	–	106
Total comprehensive income/(loss) for the year	–	106	(14,190)	(14,084)
Transactions with owners, recognised directly in equity				
Transferred from/(to) retained earnings	–	1,104	(1,104)	–
Closing balance at 31 March 2023	239,150	46,155	214,616	499,921

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

As at 31 March 2023

Company:	Share capital	Other reserves	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance at 1 April 2021	881,996	42,979	(67,065)	857,910
Total comprehensive loss for the year				
Loss for the year	–	–	(290,551)	(290,551)
Other comprehensive loss	–	(2,201)	–	(2,201)
Total comprehensive loss for the year	–	(2,201)	(290,551)	(292,752)
Transactions with owners, recognised directly in equity				
Issuance of new shares	56,578	–	–	56,578
Closing balance at 31 March 2022	938,574	40,778	(357,616)	621,736
Opening balance at 1 April 2022	938,574	40,778	(357,616)	621,736
Total comprehensive loss for the year				
Loss for the year	–	–	(6,991)	(6,991)
Other comprehensive income	–	10,192	–	10,192
Total comprehensive income/(loss) for the year	–	10,192	(6,991)	3,201
Closing balance at 31 March 2023	938,574	50,970	(364,607)	624,937

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2023

	2023 RMB'000	2022 RMB'000
Cash flows from operating activities		
(Loss) / Profit before income tax	(9,428)	5,911
Interest income	(933)	(682)
Interest expense	1,869	1,465
Depreciation of property, plant and equipment	15,177	17,138
Property, plant and equipment written-off	281	108
Amortisation of intangible assets	1,824	1,419
Loss on disposal of property, plant and equipment	1,375	497
Reversal of impairment loss on trade receivables and other assets	(97)	(382)
Exchange differences on translating functional to presentation currency	106	(140)
Operating cash flows before changes in working capital	10,174	25,334
Inventories	476	1,033
Trade and other receivables	19,340	6,190
Other assets	17,770	(59,945)
Trade and other payables	4,499	(9,574)
Net cash flows generated from/(used in) operations	52,259	(36,961)
Income taxes paid	(924)	–
Net cash flows generated from/(used in) operating activities	51,335	(36,961)
Cash flows from investing activities		
Additions to property, plant and equipment	(33,044)	(20,756)
Proceed from disposal of property, plant and equipment	2,776	1,986
Payment for land lease	(23,281)	–
Additions to intangible assets	–	(1,200)
Interest income received	933	682
Net cash flows used in investing activities	(52,616)	(19,288)
Cash flows from financing activities		
Proceeds from issuance of shares	–	56,578
Proceeds from new bank loans	64,600	35,800
Repayment of bank loans	(53,300)	(33,300)
Payment of lease liabilities	(160)	(260)
Interest paid	(1,869)	(1,450)
Net cash flows generated from financing activities	9,271	57,368
Net increase in cash and cash equivalents	7,990	1,119
Cash and cash equivalents, beginning balance	197,506	196,387
Cash and cash equivalents, ending balance (Note 20)	205,496	197,506

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2023

Reconciliation of Liabilities Arising from Financing Activities:

		Non-cash changes				
	As at 1 April 2022	Acquisition	Accretion of interests	Other	Financing cash flows	As at 31 March 2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank Loans (Note 24)	35,800	–	1,866	–	9,434	47,100
Lease Liability						
- current	160	198	3	–	(163)	198
- non-current	–	246	–	–	–	246
	35,960	444	1,869	–	9,271	47,544

		Non-cash changes				
	As at 1 April 2021	Acquisition	Accretion of interests	Other	Financing cash flows	As at 31 March 2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank Loans (Note 24)	33,300	–	1,450	–	1,050	35,800
Lease Liability						
- current	239	–	9	172	(260)	160
- non-current	166	–	6	(172)	–	–
	33,705	–	1,465	–	790	35,960

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

1.1 The Company

Zixin Group Holdings Limited (formerly known as China Star Food Group Limited) (the "**Company**") is a limited liability company incorporated in Singapore. The Company is listed on the Catalist of the Singapore Exchange Securities Trading Limited with effect from 9 November 2022, the name of the Company was changed from China Star Food Group Limited to Zixin Group Holdings Limited.

The registered office and principal place of business of the Company is located at 60 Paya Lebar Road, Paya Lebar Square #13-40 Singapore 409051.

The financial statements for the reporting year ended 31 March 2023 comprise those of the Company and its subsidiaries (collectively, the "**Group**").

The principal activity of the Company is that of an investment holding company. The principal activities of the Company's subsidiaries are disclosed in Note 16 to the financial statements below.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 March 2023 were approved and authorised for issue by the Board of Directors on the date of Directors' Statement.

1.2 Accounting convention

Basis of preparation

These financial statements have been prepared in accordance with the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Chinese Renminbi ("**RMB**"). All financial information presented in Chinese Renminbi has been rounded to the nearest thousand ("**RMB'000**"), unless otherwise indicated.

The preparation of the financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2B.

1. General (cont'd)

1.2 Accounting convention (cont'd)

Basis of preparation (cont'd)

New and revised standards

The accounting policies adopted are consistent with those of the previous financial year except those effective on 1 April 2022, the Group has adopted the following new and revised standards that are relevant to the Group and are mandatory for application for the current financial year:

Amendments to SFRS(I) 3: *Reference to the Conceptual framework*

Annual improvements to SFRS(I)s 2018-2021

Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*

New and revised standards but not yet effective

At the date of authorisation of these financial statements, the Group has not adopted the following new and revised standards that have been issued and are relevant to the Group but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1 and SFRS(I) *Practice Statement 2: Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to SFRS(I) 1-12 *Income Taxes: International Tax Reform – Pillar Two Model Rules*	1 January 2023
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to SFRS(I) 1-1: *Non-current liabilities with Covenants*	1 January 2024

The directors expect that the adoption of the amendments to standards above will have no material impact on the financial statements in the period of initial application.

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the Group has the power to govern the financial and operating policies so as to gain benefits from its activities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

1. General (cont'd)

1.2 Accounting convention (cont'd)

Basis of preparation (cont'd)

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary, it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss.

The Company's separate statement of financial position and statement of changes in equity have been prepared on the same basis, and as permitted by the Singapore Companies Act 1967, the Company's separate statement of profit or loss and other comprehensive income and separate statement of cash flows are not presented.

2. Significant Accounting Policies and Other Explanatory Information

2A. Significant accounting policies

Foreign currency transactions

The functional currency of the Company is the Singapore Dollars ("**S$**") as it reflects the primary economic environment in which the Company operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss.

The presentation currency of the Group's and Company's financial statements is Chinese Renminbi ("**RMB**"). For the RMB financial statements, assets and liabilities are translated at year end exchange rates and the income and expense items, and other comprehensive income or loss in the statement of comprehensive income are translated at average exchange rates for the reporting year. The resulting translation differences (if any) are recognised in other comprehensive income and accumulated in a separate component of equity.

Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the entity operates. In translating the financial statements of an investee for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the profit or loss items are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that investee.

2. Significant Accounting Policies and Other Explanatory Information (cont'd)

2A. Significant accounting policies (cont'd)

Segment reporting

The Group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good to the customer, which is when the customer obtains control of the good. A performance obligation may be satisfied at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue excludes VAT and is arrived at after deduction of trade discounts, if any. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The Group's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan).

The Group also contributes to a local pension scheme in the People's Republic of China, under which the Group pays fixed contributions into a defined contribution retirement scheme organised by the local municipal government for eligible employees, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Contributions to the scheme are charged to profit or loss as they fall due.

For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

2. Significant Accounting Policies and Other Explanatory Information (cont'd)

2A. Significant accounting policies (cont'd)

Share-based compensation

For the equity-settled share-based compensation transactions, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed on a straight-line basis over the vesting period is measured by reference to the fair value of the options granted ignoring the effect of non-market conditions such as profitability and sales growth targets. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

The fair value is measured using a relevant option pricing model. The expected lives used in the model are adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. At the end of each reporting year, a revision is made to the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

Benefits to employees are also provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("**equity-settled transactions**"). The fair value of the employee services rendered is measured by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the entity's shares (or an estimated market price, if the entity's shares are not publicly traded). This fair value amount is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vesting, with the corresponding adjustment made in equity. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2. Significant Accounting Policies and Other Explanatory Information (cont'd)

2A. Significant accounting policies (cont'd)

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws by the end of the reporting year; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss, the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at the end of each reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the financial entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at the end of each reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

2. Significant Accounting Policies and Other Explanatory Information (cont'd)

2A. Significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold buildings	-	3.33% - 5%
Leasehold buildings (Right-of-use assets)	-	50%
Renovation	-	33.33%
Plant and machinery	-	10%
Office equipment	-	20%
Research & production equipment	-	20%
Motor vehicles	-	25%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Construction work-in-progress is carried at cost, less any recognised impairment loss until construction is completed.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite lives is recognised in the profit and loss. Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable.

Land use rights

Cost of acquisition of land use rights is capitalised and amortised on a straight-line basis over the lease terms of the land use rights of between 15 to 50 years.

Manufacturing patents

Cost of acquisition of patents is capitalised and amortised on a straight-line basis over the useful lives of 10 years.

Software

Cost of acquisition of software is capitalised and amortised on a straight-line basis over the useful lives of 5 years.

2. Significant Accounting Policies and Other Explanatory Information (cont'd)

2A. Significant accounting policies (cont'd)

Intangible assets (cont'd)

Favourable supply contracts

Favourable supply contracts acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised on a straight-line basis over 5 years.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b) whereby (a) being the aggregate of (i) the consideration transferred measured at acquisition date fair value; (ii) the amount of any non-controlling interests in the acquiree measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets; and (iii) in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interests in the acquiree; and (b) being the net of the identifiable assets acquired and the liabilities assumed measured at acquisition date fair values in accordance with SFRS(I) 3 – Business Combinations.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment at least annually. Impairment on goodwill is not reversed in any circumstances.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the Company and the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the Company has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the Company controls another entity.

In the Company's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

2. Significant Accounting Policies and Other Explanatory Information (cont'd)

2A. Significant accounting policies (cont'd)

Impairment of non-financial assets

The carrying amount of non-financial assets is reviewed at the end of each reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At the end of each reporting year, non-financial assets with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made for where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity.

Financial assets

<u>Classification and measurement</u>

Financial assets are classified in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("**FVOCI**"); and
- Fair value through profit or loss ("**FVPL**").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

<u>At initial recognition</u>

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2. Significant Accounting Policies and Other Explanatory Information (cont'd)

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise cash and bank balances and trade and other receivables.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Group only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains / losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

Impairment of financial assets

The Group has the following type of financial assets subject to the expected credit loss impairment model under SFRS(I) 9:

- trade and other receivables
- cash and bank balances

The Group assesses on a forward-looking basis the expected credit loss associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2. Significant Accounting Policies and Other Explanatory Information (cont'd)

2A. Significant accounting policies (cont'd)

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement and classification

The measurement of financial liabilities depends on their classification as follows:

Other financial liabilities

After initial recognition, other financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

2. Significant Accounting Policies and Other Explanatory Information (cont'd)

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

The fair value measurements and related disclosures categorises the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in the profit or loss in the reporting year they occur.

Leases

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When the Group is the lessee

The Group recognises a right-of-use ("**ROU**") asset and lease liability at the lease commencement date. ROU asset is initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimated cost to restore the underlying asset, less any lease incentive received. The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term as disclosed in the accounting policy for Property, plant and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

2. Significant Accounting Policies and Other Explanatory Information (cont'd)

2A. Significant accounting policies (cont'd)

Leases (cont'd)

When the Group is the lessee (cont'd)

The Group's right-of-use assets are presented within property, plant and equipment (Note 14) and intangible assets (Note 15).

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

When the Group is the lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy applicable to the Group as a lessor in the comparative period were the same under SFRS(I) 16.

Short-term leases

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Significant Accounting Policies and Other Explanatory Information (cont'd)

2B. Critical judgments, assumptions and estimation uncertainties

The critical judgments made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to make sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

(a) Provision for expected credit losses ("**ECLs**") of trade receivables:

The Group exercises prudence by applying a general provision rate of 0.5% to calculate ECLs for trade receivables on a collective basis.

There is critical judgement used in the measurement of lifetime expected credit losses and forward-looking assumptions. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 25D.

The carrying amounts of trade receivables at the end of the reporting period was RMB 20,890,000 (2022: RMB 40,462,000).

(b) Property, plant and equipment:

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is measured based on the fair value less costs of disposal or value in use calculations. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amounts of property, plant and equipment of the Group are disclosed in Note 14.

(c) Investments in subsidiaries:

The Company assesses at the end of each reporting period whether there is any objective evidence that the investments in subsidiaries are impaired. Management considers factors such as the historical and current performances, estimated value and probability of future cash flows.

Value in use calculation is used, management estimate the expected future cash flows from the subsidiaries and use suitable discount rates to calculate the present value of those cash flows. The investments in subsidiaries as at 31 March 2023 are disclosed in Note 16.

(d) Intangible assets:

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is measured based on the fair value less costs of disposal or value in use calculations. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amounts of intangible assets of the Group are disclosed in Note 15.

2. Significant Accounting Policies and Other Explanatory Information (cont'd)

2B. Critical judgments, assumptions and estimation uncertainties (cont'd)

(e) Income tax amounts:

The entity recognises tax liabilities and tax assets based on an estimation of the likely taxes due, which requires significant judgment as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgment is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in the Note 12 on income tax.

3. Related Party Relationships and Transactions

SFRS(I) 1-24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Mr Liang Chengwang.

3A. Related companies

Related companies in these financial statements relate to the Company's subsidiaries.

There are transactions and arrangements between the Company and its related companies and the effects of these on the basis determined between the companies are reflected in these financial statements. The related company balances are unsecured without fixed repayment terms and interest unless stated otherwise.

Intra-group transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

3. Related Party Relationships and Transactions (cont'd)

3B. Key management compensation

	Group	
	2023	2022
	RMB'000	RMB'000
Salaries and other short-term employee benefits	3,136	3,482
Contributions to defined benefits plans	101	89

The above amount is included under employee benefits expense. Included in the above amount are the following items:

	Group	
	2023	2022
	RMB'000	RMB'000
Remuneration of directors	1,740	2,245

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

3C. Other payables and other financial liabilities to related parties

The trade transactions and the trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the consolidated financial statements.

The movements in other payables to related parties are as follows:

	Group and Company	
	2023	2022
	RMB'000	RMB'000
Director/shareholder:		
Balance at beginning of the year	2,233	943
Repayments	(3,415)	(597)
Payment on behalf of the Company	(307)	31
Salary payables	2,583	1,941
Foreign exchange differences	(90)	(85)
Balance at end of the year (Note 23)	1,004	2,233

4. Financial Information by Segment

4A. Primary analysis by business segment

For management purposes, the focus is on one operating segment, that is, sweet potato foods. Sweet potato foods segment includes research, production and distribution of sweet potato food products.

4B. Geographical information

As the business activities of the Group are mainly conducted in the People's Republic of China, the reporting format by geographical segment is not presented.

4C. Information about major customers

There are no customers with revenue transactions of over 10% of the Group's revenue.

5. Revenue

	Group	
	2023	2022
	RMB'000	RMB'000
Revenue:		
Sweet potato processed products	187,477	235,551
Sweet potatoes	32,123	53,581
	219,600	289,132
Timing of transfer of goods or service:		
At a point in time	219,600	289,132

Sweet potato processed products and sweet potatoes

Nature of goods or services	The group cultivates sweet potato and processes the sweet potato to different types of sweet potato products.
When revenue is recognised	Revenue is recognized when goods are delivered to the customer and all criteria for acceptance have been satisfied.
Significant payment terms	Invoices are issued on a monthly basis unless the customer requests for the invoice after the receipt of goods. Payment for invoices issued is due within 30 days. No element of financing is deemed present as the credit terms are consistent with market practice.

6. Finance Income and Finance Costs

	Group	
	2023	2022
	RMB'000	RMB'000
Finance income:		
Interest income from banks	933	682
Finance expense:		
Bank loans	1,866	1,450
Lease liabilities	3	15
	1,869	1,465

7. Other Income

	Group	
	2023	2022
	RMB'000	RMB'000
Brand licensing income	160	–
Other income	375	77
Reversal of allowance of impairment of trade receivables and other assets	97	382
	632	459

8. Marketing and Distribution Costs

The major components include the following:

	Group	
	2023	2022
	RMB'000	RMB'000
Advertisement cost	15,785	19,617
Delivery charges	2,934	4,643
Publicity expenses	2,615	3,190
Employee benefits expense (Note 11)	5,649	6,949

9. Administrative Expenses

The major components include the following:

	Group	
	2023	2022
	RMB'000	RMB'000
Amortisation of intangible assets (Note 15)	1,824	1,419
Depreciation of property, plant and equipment (Note 14)	10,898	11,756
Research and development expenses	4,185	2,142
Employee benefits expense (Note 11)	7,640	6,804
Seedlings nursery fees	1,956	2,517

10. Other Losses

	Group	
	2023	2022
	RMB'000	RMB'000
Loss on disposal of property, plant and equipment	1,375	497
Others	224	19
	1,599	516

11. Employee Benefits Expense

	Group	
	2023	2022
	RMB'000	RMB'000
Salaries, bonuses and other employees' benefits	26,425	27,939
Contributions to defined contribution plans	4,671	6,359
Other benefits	1,333	1,812
	32,429	36,110
The employee benefits expenses are charged as follows:		
Cost of sales	19,140	22,357
Marketing and distribution costs (Note 8)	5,649	6,949
Administrative expenses (Note 9)	7,640	6,804
	32,429	36,110

12. Income Tax Expense

12A. Components of income tax expense recognised in profit or loss

	Group	
	2023	2022
	RMB'000	RMB'000
Current tax expense:		
Current year	2,452	129
Over provision in prior financial year	(1,660)	–
	792	129
Deferred income tax – net debit to profit or loss	3,970	2,130
Total income tax expense	4,762	2,259

The reconciliation of income taxes below is determined by applying the People's Republic of China corporate income tax rate, where the main operations of the Group take place. The income tax in profit or loss varied from the amount of income tax amount determined by applying the People's Republic of China corporate income tax rate of 25% (2022: 25%) to profit/(loss) before income tax as a result of the following differences:

	Group	
	2023	2022
	RMB'000	RMB'000
(Loss)/Profit before income tax	(9,428)	5,911
Income tax (credit)/expense at the above rate	(2,357)	1,478
Effect of different tax rates in different countries	629	499
Tax exempted income	–	(570)
Non-deductible items	4,180	1,288
Over provision of current tax in prior financial year	(1,660)	–
Decreased in deferred tax assets recognised	3,970	2,130
Recognition of tax effect of previously unrecognised tax losses	–	(2,566)
Total income tax expense	4,762	2,259

There are no income tax consequences of dividends to owners of the Company.

The amount of income tax payable outstanding as at end of the reporting year was RMB Nil (2022: RMB 129,000). Such an amount is net of tax advances, which, according to the tax rules in the People's Republic of China, were paid before the end of the financial year.

According to the prevailing tax rules and regulation in the People's Republic of China, one of the subsidiaries, Liancheng Dizhongbao Modern Agriculture Development Co., Ltd., is exempted from enterprise income tax for taxable profit from its agricultural business activities in the People's Republic of China.

12. Income Tax Expense (cont'd)

12B. Deferred tax assets balance in the statements of financial position

	Group	
	2023 RMB'000	2022 RMB'000
Unutilised tax losses of Fujian Zixin Biotechnological Potato Co., Ltd. (Formerly known as Fujian Zixin Biological Potato Co., Ltd.) and Fujian Zilaohu Food Co., Ltd.	1,471	5,441
Unutilised tax losses	5,884	21,764

The Group has tax losses of RMB 5,884,000 (2022: RMB 21,764,000) at the end of financial year which can be carried forward and used to offset against future taxable income of Fujian Zixin Biotechnological Potato Co., Ltd. (Formerly known as Fujian Zixin Biological Potato Co., Ltd.) and Fujian Zilaohu Food Co., Ltd. in which the losses arose subject to meeting certain statutory requirements in the People's Republic of China. The Group has recognised deferred tax assets on the basis that there are sufficient estimated future taxable profits and taxable temporary differences against which the tax benefits can be utilised, based on the management projection of surplus from operations.

	Group	
	2023 RMB'000	2022 RMB'000
Balance at beginning of the year	5,441	7,571
(Over)/Under provision of deferred tax asset in prior financial year	(3,970)	436
Utilisation of previously recognised tax losses	–	(2,566)
Balance at end of the year	1,471	5,441

13. (Loss)/Earning Per Share

The basic (loss)/earning per share is calculated based on the consolidated profit/(loss) attributable to equity holders of the Company divided by the weighted average number of shares in issue of 1,383,818,100 (2022: 1,066,010,000) shares during the financial year. Dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the year or if later, the date of the issue of the potential ordinary shares.

The following table illustrates the numerators and denominators used to calculate basic and diluted (loss)/earning per share:

	Group	
	2023 RMB'000	2022 RMB'000
Basic (loss)/earning per share		
(Loss)/Earning, net of tax attributable to owners of the Company	(14,190)	3,652
Weighted average number of ordinary shares in issue ('000)	1,383,818	1,066,010
Basic (loss)/earning per share (RMB cents)	(1.03)	0.34

As the Company does not have dilutive potential ordinary shares, the (loss)/earning per share and diluted (loss)/earning per share for FY2023 are thus RMB (1.03) cents (2022: RMB 0.34 cents) per share.

14. Property, Plant and Equipment

Group:	Leasehold buildings (Note 14A)	Renovation	Office equipment	Plant and machinery	Research & production equipment	Motor vehicles	Construction work-in-progress [(a)]	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:								
At 31 March 2021	70,257	66,784	600	32,465	572	272	16,272	187,222
Additions	–	928	9	2,205	1,098	–	16,516	20,756
Disposal	–	–	–	(4,445)	(181)	–	–	(4,626)
At 31 March 2022	70,257	67,712	609	30,225	1,489	272	32,788	203,352
Additions	904	5,511	426	6,761	–	–	20,346	33,948
Disposal	–	–	(4)	(8,093)	–	–	–	(8,097)
Written off	–	–	–	(496)	–	–	–	(496)
Termination of lease contract	(476)	–	–	–	–	–	–	(476)
At 31 March 2023	70,685	73,223	1,031	28,397	1,489	272	53,134	228,231
Accumulated depreciation:								
At 31 March 2021	15,652	32,348	482	10,966	216	258	–	59,922
Depreciation for the year	2,422	11,101	86	3,329	201	–	–	17,139
Disposal	–	–	–	(1,944)	(91)	–	–	(2,035)
At 31 March 2022	18,074	43,449	568	12,351	326	258	–	75,026
Depreciation for the year	2,206	9,859	146	2,694	272	–	–	(15,177)
Disposal	–	–	(4)	(3,663)	–	–	–	(3,667)
Written off	–	–	–	(215)	–	–	–	(215)
Termination of lease contract	(318)	–	–	–	–	–	–	(318)
At 31 March 2023	19,962	53,308	710	11,167	598	258	–	86,003
Carrying amount:								
At 31 March 2022	52,184	24,263	41	17,874	1,163	14	32,788	128,327
At 31 March 2023	50,723	19,915	321	17,230	891	14	53,134	142,228

(a) During 2021, Fujian Zixin Biotechnological Potato Co., Ltd. (Formerly known as Fujian Zixin Biological Potato Co., Ltd.) has commenced the first phase of construction of factory and costs incurred up to 31 March 2023 totalled RMB 53,134,000 (2022: RMB 32,788,000).

14. Property, Plant and Equipment (cont'd)

As at 31 March 2023, the leasehold building and construction work-in-progress of the Group with carrying amount of RMB 84,972,000 (2022: RMB 31,545,000) are mortgaged as securities for bank loans (See Note 24B).

Company:	Leasehold buildings RMB'000
Cost:	
At 1 April 2021	476
Additions	–
At 31 March 2022	476
Termination of lease contract	(476)
At 31 March 2023	–
Accumulated depreciation:	
At 1 April 2021	82
Depreciation for the year	236
At 31 March 2022	318
Termination of lease contract	(318)
At 31 March 2023	–
Carrying amount:	
At 31 March 2022	158
At 31 March 2023	–

The depreciation expense is charged as follows:

	Group	
	2023 RMB'000	2022 RMB'000
Cost of sales	4,279	5,382
Administrative expenses (Note 9)	10,898	11,756
	15,177	17,138

14. Property, Plant and Equipment (cont'd)

14A. Lease - The Group as a lessee

Nature of the Group's leasing activities

Leasehold buildings

The Group has made upfront payments to secure the right-of-use (ROU) of between 2 to 50 years, which is used in the Group's production. This ROU asset of the leasehold building is recognised within property, plant and equipment (Note 14).

The ROU of the land is classified as an intangible asset (Note 15).

There are no externally imposed covenants on these lease arrangements.

Other than that, the Group also has lease contracts for buildings. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension options which are further discussed below.

(a) Carrying amount of ROU assets classified within property, plant and equipment

	Group	
	2023	2022
	RMB'000	RMB'000
Leasehold buildings		
At 1 April	52,184	54,605
Additions	904	–
Depreciation	(2,206)	(2,421)
Termination of lease contract	(157)	–
At 31 March	50,725	52,184

(b) Lease liability

The carrying amounts of lease liability are presented separately in the statements of financial position and the movements during the year are disclosed in the reconciliation of liabilities arising from financing activities in the consolidated statement of cash flows. The maturity analysis of lease liabilities is disclosed in Consolidated Statement of Cash Flows.

(c) Total cash outflow

Total cash outflow for all the leases in financial year 2023 was RMB 163,000 (FY2022: RMB 260,000).

15. Intangible Assets

Group:	Right-of-use assets (Note 15A)	Manufacturing patents	Software	Favourable supply contracts	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:					
At 31 March 2021	42,215	1,562	338	12,822	56,937
Disposal	–	1,200	–	–	1,200
At 31 March 2022	42,215	2,762	338	12,822	58,137
Additions	40,040	–	–	–	40,040
At 31 March 2023	82,255	2,762	338	12,822	98,177
Accumulated amortisation:					
At 31 March 2021	5,295	1,195	338	10,257	17,085
Amortisation for the year	1,174	245	–	–	1,419
At 31 March 2022	6,469	1,440	338	10,257	18,504
Amortisation for the year	1,548	276	–	–	1,824
At 31 March 2023	8,017	1,716	338	10,257	20,328
Accumulated impairment:					
At 1 April 2022 and 31 March 2022 and 2023	–	–	–	2,565	2,565
Carrying amount:					
At 31 March 2022	35,746	1,322	–	–	37,068
At 31 March 2023	74,238	1,046	–	–	75,284

Amortisation expenses are charged under administrative expense.

15A. Right-of-use assets

The right-of-use assets are for four parcels of land located in Liancheng County of Fujian Province, the People's Republic of China.

As at 31 March 2023, the right-of-use assets of the Group for a parcel of land with carrying amount of RMB 29,557,000 (2022: RMB 30,310,000) is mortgaged for bank loan (See Note 24B).

In September 2018, Liangcheng Dizhongbao Modern Agriculture Development Co., Ltd. ("**Dizhongbao**"), a subsidiary in the Group, entered into Land Use Rights Transfer Agreements (the "**Agreements**") with 86 farmers to lease 91 plots of farmland (certain farmers are contracted to lease more than 1 plot of farmland) for 15 years as a base for research and development to cultivate new breed of sweet potatoes and to nurture the sweet potatoes seedlings. The seedlings are collected from the farmers after sprout and distributed to the contracted suppliers (See Note 18) to grow on their own land to ensure better control of the end product quality. Under the terms of the Agreements, Dizhongbao had made full upfront payments of approximately RMB 7,000,000 to the contract farmers for 15 years.

16. Investments in Subsidiaries

	Company 2023 RMB'000	Company 2022 RMB'000
Unquoted equity shares, at cost	803,636	803,636
Impairment loss	(284,000)	(284,000)
	519,636	519,636

The subsidiaries held by the Company are listed below:

Names of subsidiaries, country of incorporation, place of operations and principal activities	Cost 2023 RMB'000	Cost 2022 RMB'000	Effective equity held 2023 %	Effective equity held 2022 %
Held through the Company:				
Zixin International Pte Ltd [(a)] 紫心国际私人有限公司 Singapore Investment holdings	519,636	519,636	100	100
Held through Zixin International Pte Ltd:				
Zixin Enterprise (Singapore) Pte. Ltd. 紫心企业(新加坡)私人有限公司 Singapore Wholesale trading and distribution			100	N/A
Fujian Zixin Biotechnological Potato Co., Ltd. (Formerly known as Fujian Zixin Biological Potato Co., Ltd.) [(b)] 福建紫心生物薯业有限公司 People's Republic of China Research, production and distribution of sweet potato food products			100	100
Held through Fujian Zixin Biotechnological Potato Co., Ltd. (Formerly known as Fujian Zixin Biological Potato Co., Ltd.):				
Fujian Zilaohu Food Co., Ltd. [(b)] 福建紫老虎食品有限公司 People's Republic of China Research, production and distribution of sweet potato food products			100	100
Liancheng Dizhongbao Modern Agriculture Development Co., Ltd. [(b)] 连城县地中宝现代农业发展有限公司 People's Republic of China Cultivation, processing and sale of sweet potatoes			100	100
Fujian Zixin Fungal Biotechnology Co., Ltd. (formerly known as Fujian Xingpai Food Co., Ltd.) 福建紫草生物科技有限公司 People's Republic of China Research, production and distribution of sweet potato food products			100	100

(a) Audited by RT LLP.
(b) Audited by RT LLP for the purpose of expressing an opinion on the consolidated financial statements.

16. Investments in Subsidiaries (cont'd)

16A. Impairment of investment in subsidiary

During the current financial year, management performed an impairment test for the investment in Zixin International Pte. Ltd. as the cost of investment in the subsidiary is higher than its net tangible assets. The recoverable amount is defined as the higher of the subsidiary's fair value ("**FV**") less cost of disposal and its value in use ("**VIU**"). Management is of the view that there is no basis for making a reliable estimate of the price, that is, fair value at which an orderly transaction to sell the asset could not be reliably estimated, and therefore has used VIU as the recoverable amount.

The recoverable amount has been determined based on a VIU calculation using cash flow projections from financial budgets approved by management covering a five-year period. The use of the VIU valuation involved significant judgement in the forecast projection of sales and operating cash flows for the next five years. The VIU valuation included assumptions of terminal growth rate and weighted cost of capital ("**WACC**").

No impairment loss (2022: RMB 284,000,000) was recognised for the year ended 31 March 2023 to write down the carrying amount to its recoverable amount. The cash flow projections are based on the long-term growth rate of 0.5% (2022: 1%) and pre-tax discount rate (WACC) of 6.5% (2022: 6.5%).

16B. Sensitivity analysis

The key assumptions used in the value in use valuation is WACC at 6.5%.

Had the actual results varied from WACC of 6.5%, the estimated recoverable amount of the investment and the impairment charge would be as follows:

	Estimated recoverable amount RMB'000	Increase/ (Decrease) in impairment charge RMB'000
1% higher than the management's projection	1,312,956	(284,000)
1% lower than the management's projection	1,870,219	(284,000)

17. Trade and Other Receivables

	Group		Company	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables:				
Outside parties	21,010	40,679	–	–
Less: Allowance for impairment loss on trade receivables	(120)	(217)	–	–
	20,890	40,462	–	–
Other receivables:				
Subsidiary	–	–	102,941	91,777
Outside parties	996	675	–	–
Refundable deposits	59	51	2	51
	1,055	726	102,943	91,828
Total trade and other receivables	21,945	41,188	102,943	91,828
Presented in the statements of financial position as:				
Other receivables, non-current	–	11	–	–
Trade and other receivables, current	21,945	41,177	102,943	91,828
	21,945	41,188	102,943	91,828

The Group and the Company's exposure to credit and impairment losses for trade and other receivables, are disclosed in Note 25.

Movement in the allowance for credit losses of trade receivables:

	Group		Company	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Allowance for impairment loss:				
At the beginning of financial year	217	243	–	–
Reversal	(97)	(26)	–	–
At the end of financial year	120	217	–	–

18. Other Assets

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Upfront payments	2,670	7,599	129	176
Upfront payments for supplies of sweet potatoes (Note A)	117,700	130,690	–	–
Deferred expenses	14,719	14,570	–	–
Others	3,800	3,800	–	–
	138,889	156,659	129	176
Presented in the statements of financial position as:				
Other assets, non-current	82,664	86,821	–	–
Other assets, current	56,225	69,838	129	176
	138,889	156,659	129	176

Movement in the allowance for credit losses of other assets:

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Allowance for impairment loss:				
At the beginning of financial year	–	356	–	–
Reversal	–	(356)	–	–
At the end of financial year	–	–	–	–

Upfront payment for supplies of sweet potatoes (Note A)

The Group, through one of its subsidiaries, Liancheng Dizhongbao Modern Agriculture Development Co., Ltd. ("**Dizhongbao**"), had entered into various purchase contracts with a few suppliers to secure the supply of quality raw sweet potatoes at reasonable prices.

During the financial year ended 31 March 2018, Dizhongbao entered into the purchase contracts with three suppliers to guarantee the supply of an aggregate of 12,190 tonnes of raw sweet potatoes on a yearly basis. Total upfront payments made to the three suppliers were amounting to an aggregate of RMB 131,715,000.

During the financial year ended 31 March 2019, Dizhongbao entered into purchase contracts with another two suppliers for the supply of an aggregate of 6,900 tonnes of sweet potatoes on a yearly basis. An aggregate upfront payments of RMB 71,500,000 were paid to the two suppliers.

During the financial year ended 31 March 2022, Dizhongbao made additional upfront payments of RMB 107,103,500 to the two suppliers for purchase contracts entered during the financial year ended 31 March 2018 upon full utilization of upfront payments made in the financial year ended 31 March 2018.

During the financial year ended 31 March 2023, Dizhongbao made additional upfront payments of RMB 24,611,500 to one supplier for purchase contracts entered during the financial year ended 31 March 2018 upon full utilization of upfront payments made in the financial year ended 31 March 2018.

All the above-mentioned agreements carry similar terms. The agreements last for 15 years and grant Dizhongbao with the first right of refusal of the supply of sweet potatoes. In return, Dizhongbao pays upfront payments to the suppliers once every 5 years. The upfront payments are used to offset the purchase within the 5 years. In case of the upfront payments are fully utilised within the 5 years, the payment of subsequent purchase is due according to the agreed terms per respective contract.

19. Inventories

	Group	
	2023	2022
	RMB'000	RMB'000
Finished goods	–	137
Raw materials	1,963	2,302
	1,963	2,439
Changes in inventories of finished goods	(137)	(1,601)
The amounts of inventories included in cost of goods sold	152,480	187,751

There were no inventories pledged as security for liabilities.

20. Cash and Bank Balances

	Group		Company	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Cash on hand	13	85	–	–
Cash at bank	205,328	197,385	6,074	14,022
Others	155	36	–	–
Cash and bank balances	205,496	197,506	6,074	14,022

Cash at bank bears weighted average effective interest rate of 0.30% (2022: 0.30%) per annum during the financial year.

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Singapore dollar	6,982	14,036	6,074	14,022
Renminbi	198,514	183,470	–	–
	205,496	197,506	6,074	14,022

21. Share Capital

	Group		Company	
	Number of shares issued	Share capital	Number of shares issued	Share capital
	’000	RMB’000	’000	RMB’000
Ordinary shares:				
Balance at 31 March 2021	883,818	182,572	883,818	881,996
Issuance of new shares	500,000	56,578	500,000	56,578
Balance at 31 March 2022 and 2023	1,383,818	239,150	1,383,818	938,574

All shares rank equally with regard to the Company’s residual assets. All issued shares are fully paid, with no par value. The Company is not subject to any externally imposed capital requirements.

On 19 November 2021, 500,000,000 Subscription Shares were allotted and issued to the Subscribers in accordance with the terms of the Subscription Agreements. Following the allotment and issuance of the 500,000,000 Subscription Shares, the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company increased from 883,818,100 Shares to 1,383,818,100 Shares. The 500,000,000 Subscription Shares ranked pari passu with and carried all rights similar to the existing Shares except for any dividends, rights, allotment or other distributions, the record date of which falls on or before the issue date of such Subscription Shares.

Capital management:

The objectives when managing capital are: to safeguard the financial entity’s ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt.

The Group’s cash as at 31 March 2023 and 31 March 2022 exceeded its borrowing as of these dates. Therefore, the debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk of borrowings.

In order to maintain its listing on the Singapore Exchange, the Company has to have share capital with a public float of at least 10% of the shares. The Company met the capital requirement on its listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

21A. Zixin Employee Share Option Scheme (formely known as China Star Food Employee Share Option Scheme)

Zixin Employee Share Option Scheme (formerly known as China Star Food Employee Share Option Scheme) (the “**Scheme**”) was approved by the shareholders of the Company at an extraordinary general meeting held on 20 July 2015.

The Scheme shall continue to be in force at the discretion of the Remuneration Committee (“**RC**”), subject to a maximum period of 10 years commencing on the date the Scheme was adopted by the Company in general meeting i.e. 20 July 2015, provided always that the Scheme may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and any relevant authorities which may then be required.

The Scheme may be terminated at any time by the RC or by resolution of the Company in general meeting subject to all relevant approvals, which may be required, and if the Scheme is terminated, no further option shall be offered by the Company.

21. Share Capital (cont'd)

21A. Zixin Employee Share Option Scheme (formely known as China Star Food Employee Share Option Scheme)

The Scheme provides for the grant of ordinary shares of the Company to employees, executive directors, non-executive directors (including independent directors) of the Company and its subsidiaries, including those who may be the controlling shareholders.

The Scheme is administered by the RC of the Company in its absolute discretion with such powers and duties as may be conferred on it by the board of directors of the Company, which will determine the terms and conditions of the grant of the options. Where a member of the RC is also a proposed participant, he/she will not be involved in the deliberations and decisions of the RC in respect of the options granted, or to be granted, to him/her or his/her associate(s).

The aggregate number of new shares that may be allotted and issued from time to time upon the exercise of the options granted pursuant to the Scheme ("**Option Shares**") over which the RC may grant options on any date (including the number of Option Shares which have been and are to be issued upon the exercise of the options in respect of all options granted under the Scheme and any other share scheme then in force) shall not exceed 15% of the total number of shares (excluding treasury shares) on the day preceding that date.

The aggregate number of Option Shares over which options may be granted under the Scheme to controlling shareholders and/or their associates shall not exceed 25% of the Option Shares available under the Scheme, and the number of Option Shares over which an option may be granted under the Scheme to each controlling shareholder or his/her associate shall not exceed 10% of the Option Shares available under the Scheme.

Subject to any adjustment pursuant to Rule 10 of the Rules of the Scheme, the exercise price for each share in respect of which an option is exercisable shall be payable upon the exercise of the option and shall be determined by the RC in its absolute discretion, on the date of grant, and fixed by the RC at:

(a) the market price; or

(b) a price which is set at a discount to the market price, provided that:

  (i) the maximum discount shall not exceed 20% of the market price. The RC shall have the sole and absolute discretion to determine the exact amount of discount to each participant; and

  (ii) the shareholders in a general meeting shall have authorised, in a separate resolution, the making of offers and grants of options under the Scheme at a discount not exceeding the maximum discount as aforesaid.

Options granted with the exercise price set at market price shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 100 shares or any multiple thereof), by a participant after the first anniversary of the date of grant of that option, and options granted with the exercise price set at a discount to market price shall only be exercisable by a participant after 2 years from the date of grant of that option.

Group employees (including executive directors) who are granted options must exercise their options before the 10^{th} anniversary from the date of grant and Group non-executive directors (including independent directors) who are granted Options must exercise their options before the 5^{th} anniversary from the date of grant, failing which all unexercised options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.

Since the approval of the Scheme by the shareholders of the Company, no option was granted.

21. Share Capital (cont'd)

21B. Zixin Performance Share Plan (formerly known as China Star Performance Share Plan)

The Zixin Performance Share Plan (formerly known as China Star Performance Share Plan) (the "**Plan**") was approved by the shareholders of the Company at an extraordinary general meeting held on 20 July 2015.

The Plan shall continue to be in force at the discretion of the RC, subject to a maximum period of 10 years commencing on the date the Plan was adopted by the Company in general meeting i.e. 20 July 2015, provided always that the Plan may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and any relevant authorities which may then be required.

The Plan may be terminated at any time by the RC or by resolution of the Company in general meeting subject to all relevant approvals, which may be required, and if the Plan is terminated, no further award shall be vested in the Company.

The Plan is administered by the RC comprising three directors, namely, Mr Lawrence Chen Tse Chau (Chen Shichao), Mr Ng Poh Khoon and Mr Xue Congyan, in its absolute discretion with such powers and duties as may be conferred on it by the board of directors of the Company, which will determine the terms and conditions of the grant of the awards. Where a member of the RC is also a proposed participant, he will not be involved in the deliberations and decisions of the RC in respect of the awards granted, or to be granted, to him/her or his/her associate(s).

The Company will be delivering shares pursuant to the award granted under the Plan in the form of existing shares held as treasury shares and/or an issuance of new shares that may be allotted and issued from time to time upon the vesting of an award granted pursuant to the Plan. The performance shares issued under the Plan, when added to all awards granted under any other share option, share incentive, performance share or restructured share plan implemented by the Company and for the time being in force, shall not exceed 15% of the issued share capital of the Company from time to time.

In determining whether to issue performance share or to purchase existing shares for delivery to participants upon vesting of their award, the Company will take into account factors such as (but not limited to) the number of shares to be delivered, the prevailing market price of the shares and the financial effect on the Company of either issuing performance share or purchasing existing shares.

Insofar as in relation to the number of treasury shares that may be held pursuant to the Act as amended by the Companies Amendment Act, such a method is not subject to any further limit under prevailing legislation and Singapore Exchange Securities Trading Limited ("**SGX-ST**") guidelines as it does not involve the issuance of any performance shares.

An award letter confirming the award and specifying, inter alia, in relation to the award, the prescribed performance target(s), the performance period during which the prescribed performance target(s) are to be satisfied and the date by which the award shall be vested, will be sent to each participant as soon as reasonably practicable after the award is finalised. Notwithstanding that a participant may have met his/her performance targets, no award shall vest in a participant in the following circumstances:

(a) upon the bankruptcy of a participant or the happening of any other event which results in his/her being deprived of the legal or beneficial ownership of such award;

(b) in the event of any misconduct of a participant as determined by the RC in its discretion;

(c) in the event that the RC shall, in its discretion, deems it appropriate that such award shall so lapse on the grounds that any of the objectives of the Plan have not been met; or

(d) in the event that the participant ceases to be employed by the Company before vesting of the award to him/her.

21. Share Capital (cont'd)

21B. Zixin Performance Share Plan (formerly known as China Star Performance Share Plan) (cont'd)

The intention is to award shares based on pre-determined dollar amounts such that the quantum of shares comprised in award is dependent on the closing price of shares transacted on the market day the award is vested. The RC will also monitor the grant of award carefully to ensure that the size of the Plan complies with the relevant rules of the SGX-ST.

Since the approval of the Plan by the shareholders of the company, no award was granted.

22. Other Reserves

	Group		Company	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Statutory common reserve (Note 22A)	43,644	42,540	–	–
Foreign currency translation reserve (Note 22B)	2,511	2,405	50,970	40,778
	46,155	44,945	50,970	40,778

22A. Statutory common reserve

	Group	
	2023	2022
	RMB'000	RMB'000
Balance at beginning of the year	42,540	42,476
Transferred from retained earnings	1,104	64
Balance at end of the year	43,644	42,540

Under the regulations in People's Republic of China, the Company's subsidiaries are required to set up a statutory reserve which represents a non-distributable reserve made at a rate of at least 10% of net profit after tax until the reserve reaches 50% of the registered paid-up capital in accordance with their Articles of Association. The transfer to this reserve must be made before the payment of dividends to shareholders.

The statutory common reserve can only be used to set off against losses, to expand the entities' production operations or to increase its share capital. The Company and its subsidiaries may convert its statutory common reserve into share capital provided that the remaining balance of such reserve is not less than 25% of the share capital.

The subsidiaries may transfer a portion of its net profit to the statutory welfare reserve in accordance with their Articles of Association, as recommended by directors and approved by shareholders.

The statutory welfare reserve can only be used for the collective welfare of the employees of the subsidiaries.

22. Other Reserves (cont'd)

22B. Foreign currency translation reserve

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Balance at beginning of the year	2,405	2,545	40,778	42,979
Exchange differences on translating functional to presentation currency	106	(140)	10,192	(2,201)
Balance at end of the year	2,511	2,405	50,970	40,778

The foreign currency translation reserve represents exchange differences arising from the translation of presentation currency from Singapore Dollar to Chinese Renminbi and it is not distributable.

23. Trade and Other Payables

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Trade payables:				
Outside parties	10,073	7,677	–	–
Other payables:				
Outside parties	28,734	8,624	2,304	1,204
Subsidiary	–	–	537	487
Director/shareholder (Note 3C)	1,004	2,233	1,004	2,233
Subtotal	29,738	10,857	3,845	3,924
Total trade and other payables	39,811	18,534	3,845	3,924
Presented in the statements of financial position as:				
Other payables, non-current	2,740	–	–	–
Trade and other payables, current	37,071	18,534	3,845	3,924
	39,811	18,534	3,845	3,924

24. Other Financial Liabilities

	Group	
	2023	2022
	RMB'000	RMB'000
Bank loans A (unsecured) (Note 24A)	13,100	10,500
Bank loans B (secured) (Note 24B)	34,000	25,300
	47,100	35,800

24A. Bank loans A (unsecured)

The bank loans are repayable within 12 months and renewable annually. The bank loans' fixed interest rates were 4.35% - 5.50% (2022: 3.20% - 4.35%) per annum respectively and are repayable within 12 months.

The bank loans are unsecured, guaranteed by a local credit guarantee company and/or one of the company's directors.

The bank loans are taken by Fujian Zixin Biotechnological Potato Co., Ltd. (Formerly known as Fujian Zixin Biological Potato Co., Ltd.) with the amount of RMB 7,100,000 (2022: RMB 4,500,000) and Fujian Zilaohu Food Co., Ltd. with the amount of RMB 6,000,000 (2022: RMB 6,000,000).

24B. Bank loans B (secured)

The loans are secured by mortgages of a leasehold building and land use rights of the Group (see Notes 14). The bank loans bear fixed interest rate at 4.00% (2022: 3.35% - 4.60%) per annum and are repayable within 12 months.

The bank loans are taken by Fujian Zixin Biotechnological Potato Co., Ltd. (Formerly known as Fujian Zixin Biological Potato Co., Ltd.) with the amount of RMB 10,000,000 (2022: RMB 7,800,000) and Fujian Zilaohu Food Co., Ltd. with the amount of RMB 24,000,000 (2022: RMB 17,500,000).

25. Financial Instruments: Information on Financial Risks

25A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
At amortised cost:-				
Cash and cash equivalents	205,496	197,506	6,072	14,022
Trade and other receivables	21,945	41,188	102,943	91,828
	227,441	238,694	109,017	105,850
Financial liabilities:				
At amortised cost:-				
Trade and other payables	39,811	18,534	3,845	3,924
Other financial liabilities	47,100	35,800	–	–
Lease liability	444	160	–	160
	87,355	54,494	3,845	4,084

Further quantitative disclosures are included throughout these financial statements.

25B. Fair values of financial instruments

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

25C. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate and currency risk exposures. Management has certain practices for the management of financial risks. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk, the objectives, policies and processes for managing the risk and the methods used to measure the risk.

25. Financial Instruments: Information on Financial Risks (cont'd)

25D. Credit risk on financial assets

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. The Group adopts the policy of dealing only with customers of appropriate credit history and obtaining sufficient security where appropriate to mitigate credit risk.

The Company's and the Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

As the Company and the Group do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 30 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

25. Financial Instruments: Information on Financial Risks (cont'd)

25D. Credit risk on financial assets (cont'd)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

25. Financial Instruments: Information on Financial Risks (cont'd)

25D. Credit risk on financial assets (cont'd)

The table below details the credit quality of the Group's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

The Group

	Note	Category	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
31 March 2023						
Trade receivables	17	II	Lifetime ECL (simplified)	21,010	(120)	20,890
Other receivables	17	I	12-month ECL	1,055	–	1,055
					(120)	
31 March 2022						
Trade receivables	17	II	Lifetime ECL (simplified)	40,679	(217)	40,462
Other receivables	17	I	12-month ECL	726	–	726
					(217)	

The Company

	Note	Category	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
31 March 2023						
Other receivables	17	I	12-month ECL	102,943	–	102,943
					–	
31 March 2022						
Other receivables	17	I	12-month ECL	91,828	–	91,828
					–	

Trade receivables

The Group exercises prudence by applying a general provision rate of 0.5% to calculate ECL for trade receivables on a collective basis. The allowance rate is based on the Group's estimation of future economic conditions and adjusted as appropriate to reflect current conditions.

Other receivables

The Group and the Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group and the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

25. Financial Instruments: Information on Financial Risks (cont'd)

25D. Credit risk on financial assets (cont'd)

Credit risk concentration profile

The Group has no significant concentration of credit risk. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

25E. Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulties in meeting financial obligations due to shortage of funds. The Group's and the Company's exposures to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company manage the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments.

Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the financial assets and financial liabilities of the Group and the Company based on contractual undiscounted cash flows:

The Group	Carrying amount RMB'000	Contractual cash flows RMB'000	One year or less RMB'000	One to five years RMB'000
2023				
Financial assets				
Cash and bank balances	205,496	205,496	205,496	–
Trade and other receivables	21,945	21,945	21,945	–
	227,441	227,441	227,441	–
Financial liabilities				
Trade and other payables	39,811	39,811	37,071	2,740
Other financial liabilities	47,100	49,060	49,060	–
Lease liability	444	444	198	246
	87,355	89,315	86,329	2,986
Total net undiscounted financial assets/(liabilities)	140,086	138,126	141,112	(2,986)
2022				
Financial assets				
Cash and bank balances	197,506	197,506	197,506	–
Other receivables	41,188	41,188	41,188	–
	238,694	238,694	238,694	–
Financial liabilities				
Trade and other payables	18,534	18,534	18,534	–
Other financial liabilities	35,800	35,800	35,800	–
Lease liability	160	160	160	–
	54,494	54,494	54,494	–
Total net undiscounted financial assets	184,200	184,200	184,200	–

25. Financial Instruments: Information on Financial Risks (cont'd)

25E. Liquidity risk (cont'd)

The Company	Carrying amount RMB'000	Contractual cash flows RMB'000	One year or less RMB'000	One to five years RMB'000
2023				
Financial assets				
Cash and bank balances	6,074	6,074	6,074	–
Other receivables	102,943	102,943	102,943	–
	109,017	109,017	109,017	–
Financial liabilities				
Other payables	3,845	3,845	3,845	–
Total net undiscounted financial assets	105,172	105,172	105,172	–
2022				
Financial assets				
Cash and bank balances	14,022	14,022	14,022	–
Other receivables	91,828	91,828	91,828	–
	105,850	105,850	105,850	–
Financial liabilities				
Other payables	3,924	3,924	3,924	–
Lease liability	160	160	160	–
	4,084	4,084	4,084	–
Total net undiscounted financial assets	101,766	101,766	101,766	–

The Group's operations are financed mainly through equity, retained earnings and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required. The ability of the Group to meet current obligations is also highly dependent on the ability of the Group to realise cash flows from the trade receivables and inventories.

25. Financial Instruments: Information on Financial Risks (cont'd)

25F. Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group is not exposed to interest rate risk as its interest-bearing financial assets and financial liabilities are at fixed rates, and all its financial assets and liabilities are measured at amortised cost.

The following table analyses the breakdown of the significant financial instruments:

	Group	
	2023	2022
	RMB'000	RMB'000
Financial assets:		
Fixed rate	205,496	197,506
Financial liabilities:		
Fixed rate	47,100	35,800

25G. Foreign currency risk

The Company and its subsidiaries are not exposed to significant foreign currency risk as their business are transacted in functional currencies, which are Singapore Dollars and Chinese Renminbi.

26. Authorisation of Consolidated Financial Statements for Issue

The consolidated financial statements of the Group for the financial year ended 31 March 2023 were authorised for the issue in accordance with a resolution of directors on 14 August 2023.

STATISTICS OF SHAREHOLDINGS

As At 31 July 2023

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	10	1.17	500	0.00
100 - 1,000	29	3.40	12,375	0.00
1,001 - 10,000	76	8.91	406,075	0.03
10,001 - 1,000,000	678	79.49	136,789,275	9.89
1,000,001 AND ABOVE	60	7.03	1,246,609,875	90.08
TOTAL	**853**	**100.00**	**1,383,818,100**	**100.00**

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	486,193,400	35.13
2	KGI SECURITIES (SINGAPORE) PTE. LTD.	271,837,075	19.64
3	DBS NOMINEES (PRIVATE) LIMITED	209,196,000	15.12
4	DUANMU XIAOYI	50,000,000	3.61
5	PHILLIP SECURITIES PTE LTD	34,753,550	2.51
6	XUE XIAOHUA	20,000,000	1.45
7	RAFFLES NOMINEES (PTE.) LIMITED	15,147,550	1.09
8	UOB KAY HIAN PRIVATE LIMITED	10,350,300	0.75
9	TAN ENG CHUA EDWIN	10,123,300	0.73
10	MAYBANK SECURITIES PTE. LTD.	9,256,800	0.67
11	IFAST FINANCIAL PTE. LTD.	7,523,500	0.54
12	OCBC SECURITIES PRIVATE LIMITED	7,273,850	0.53
13	LI NAN	6,141,300	0.44
14	CHEN TIANYI	6,000,000	0.43
15	SHANE THAM FOOK WAI	6,000,000	0.43
16	ERIC TANN KAH HUAT	5,094,000	0.37
17	GOH BING LUH	5,049,900	0.36
18	GOH GUAN SIONG (WU YUANXIANG)	4,961,000	0.36
19	CHEONG CHEE HWA	4,158,000	0.30
20	ZHANG XIAOFENG	3,500,000	0.25
	TOTAL	**1,172,559,525**	**84.71**

STATISTICS OF SHAREHOLDINGS

As At 31 July 2023

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

	Direct interest	%(1)(2)	Deemed interest	%(1)(2)
Liang Chengwang(3)	–	–	220,566,000	15.94
PTS Capital Pte. Ltd.(4)	–	–	205,966,700	14.88
Yu Lei(5)	–	–	205,966,700	14.88

(1) Calculated based on 1,383,818,100 shares as at 31 July 2023.

(2) Rounded to the nearest two decimal places.

(3) Mr Liang Chengwang is deemed to be interested in 220,566,000 ordinary shares held by CGS-CIMB Securities (Singapore) Pte. Ltd.

(4) PTS Capital Pte. Ltd. is deemed to be interested in 205,966,700 ordinary shares held by DBS Bank Ltd.

(5) As Ms. Yu Lei owns more than 20% of the voting rights in PTS Capital Pte. Ltd., Ms. Yu Lei is deemed to have an interest in the shares in the Company held by PTS Capital Pte. Ltd.

Percentage of Shareholding in Public's Hands

As at 31 July 2023, approximately 907,285,400 Shares, representing approximately 65.56% (rounded to the nearest two decimal place) of the total number of issued Shares (excluding treasury shares), are in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Catalist Rules which requires at least 10.0% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) are in the hands of the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Zixin Group Holdings Limited (the "**Company**") will be held at YMCA @ One Orchard, Tan Chin Tuan Function Room Level 4, 1 Orchard Road, Singapore 238824 on Friday, 8 September 2023 at 10 a.m. (Singapore Time) to consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions for the following purposes:

Ordinary Business

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2023 together with the Auditors' Report thereon. ***Resolution 1***

2. To re-elect Mr Xue Congyan as a Director pursuant to Regulation 99 of the Company's Constitution. ***Resolution 2***

   [See Explanatory Note (i)]

3. To re-elect Mr Lawrence Chen Tse Chau (Chen Shichao) as a Director pursuant to Regulation 99 of the Company's Constitution. ***Resolution 3***

   [See Explanatory Note (ii)]

4. To approve the payment of Directors' Fees of up to S$110,000.00 for the financial year ending 31 March 2024, payable half-yearly in arrears. (FY2023: S$110,000). ***Resolution 4***

5. To re-appoint RT LLP as auditors of the Company and to authorise the Directors of the Company to fix their remuneration. ***Resolution 5***

6. To transact any other ordinary business which may properly be transacted at an AGM.

Special Business

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without any modifications:

7. **Authority to allot and issue shares** ***Resolution 6***

   "That pursuant to Section 161 of the Companies Act 1967 (the "**Companies Act**") and subject to Rule 806 of Catalist Rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) allot and issue shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise);

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided always that:

(i) the aggregate number of Shares (including Shares to be issued in pursuance to Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed 100% of the issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares (including Shares to be issued in pursuance to Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to existing shareholders of the Company does not exceed 50% of the issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of the total number of issued shares excluding subsidiary holdings (as defined in the Catalist Rules) and treasury shares shall be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(iv) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

[See Explanatory Note (iii)]

8. **Authority to allot and issue shares under the Zixin Employee Share Option Scheme** ***Resolution 7***

“That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors of the Company to:

(i) offer and grant options (“**Options**”) from time to time in accordance with the rules of the Zixin Employee Share Option Scheme (formerly known as China Star Employee Share Option Scheme) (the “**Zixin ESOS**”); and

(ii) allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of options granted under the Zixin ESOS, provided always that the aggregate number of Shares to be issued and issuable pursuant to the Zixin ESOS, Zixin Performance Share Plan (formerly known as China Star Performance Share Plan) and any other share based incentive schemes of the Company, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), on the day immediately preceding the date on which an offer to grant an Option is made and that the grant of Options can be made at any time and from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (iv)]

9. **Authority to allot and issue shares under the Zixin Performance Share Plan** ***Resolution 8***

"That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors of the Company to:

(i) offer and grant awards ("**Awards**") from time to time in accordance with the rules of the Zixin Performance Share Plan (formerly known as China Star Performance Share Plan) (the "**Zixin PSP**"); and

(ii) allot and issue from time to time such number of shares as may be required to be issued pursuant to the vesting of Awards granted under the Zixin PSP,

provided always that aggregate number of shares to be issued and issuable pursuant to the Zixin ESOS, Zixin PSP and any other share based incentive schemes of the Company, shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (iv)]

By Order of the Board

Lim Kok Meng
Company Secretary
Singapore, 24 August 2023

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON THE ORDINARY AND SPECIAL BUSINESSES TO BE TRANSACTED:

(i) Mr Xue Congyan will, upon re-election as Director of the Company, remain as a Non-Executive and Independent Director of the Company, the Chairman of the Nominating Committee, a member of the Audit Committee and a member of the Remuneration Committee. The Board considers Mr Xue Congyan to be independent for the purposes of Rule 704(7) of the Catalist Rules.

(ii) Mr Lawrence Chen Tse Chau (Chen Shichao) will, upon re-election as Director of the Company, be redesignated as the Non-Executive and Lead Independent Director of the Company, the Chairman of the Audit Committee and a member of the Remuneration Committee. Mr Lawrence Chen Tse Chau (Chen Shichao) will remain as a member of the Nominating Committee. The Board considers Mr Lawrence Chen Tse Chau (Chen Shichao) to be independent for the purposes of Rule 704(7) of the Catalist Rules.

(iii) Resolution 6 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which up to 50% may be issued other than on a pro rata basis to Shareholders.

For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when the resolution is passed and any subsequent consolidation or subdivision of shares.

(iv) Resolutions 7 and 8, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares pursuant to the exercise of Options and vesting of Awards under the Zixin ESOS and Zixin PSP respectively, provided that the aggregate number of shares to be issued pursuant to the Zixin ESOS and Zixin PSP, when aggregated with the number of shares issued and issuable or transferred and to be transferred under any other share based incentive schemes of the Company shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

Notes:

1. **Participation:**

   (a) The AGM is being convened and will be held in a wholly physical format at YMCA @ One Orchard, Tan Chin Tuan Function Room Level 4, 1 Orchard Road, Singapore 238824 on Friday, 8 September 2023 at 10 a.m. There will be no option for members to participate virtually.

   (b) Members should bring along their NRIC/passport to enable the Company to verify their identity. Members are also requested to arrive early to facilitate the registration process and are advised not to attend the AGM if they are feeling unwell.

   (c) All members may, prior to the AGM, submit questions relating to the business of the AGM no later than 6:00 p.m. on 31 August 2023, being seven (7) calendar days after this notice is published via either of the following:

      (i) by post to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632; or

      (ii) if submitted electronically, submitted by way of email to info@zixinshuye.com.

   (d) When submitting questions via post or via email, shareholders should provide the following details: (i) the shareholder's full name, (ii) shareholder's email address; and (iii) the manner in which the shareholder holds share in the Company, for verification purposes.

   (e) The Company will endeavour to address questions on SGXNET which are substantial and relevant on or before 10:00 a.m. on 4 September 2023 (being not less than 48 hours prior to the closing date and time for the lodgement of the proxy forms). For substantial and relevant questions received after the prescribed deadline, the Company will endeavour to address them together with questions raised at the AGM. Where substantially similar questions are received, they will be consolidated and not all questions may be individually addressed.

2. **Appointment of Proxy(ies)**

   (a) A member who wishes to appoint proxy(ies) must complete the instrument appointing proxy(ies), before submitting it in the manner set out below.

   (b) A proxy need not be a member of the Company, and a member may choose to appoint the Chairman of the AGM as his/her/its proxy.

(c) A member who is not a Relevant Intermediary* is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. Where such member's instrument appointing proxy(ies) appoints more than one (1) proxy, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy.

A member who is a Relevant Intermediary is entitled to appoint more than one (1) proxy to speak, 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's instrument appointing proxy(ies) appoints more than one (1) proxy, it should annex to the Proxy Form the list of proxies, setting out, in respect of each proxy, the name, address, email address, NRIC/passport number and proportion of shareholding (number of Shares and percentage) in relation to which each proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank or SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with this note and to the relevant Notice of AGM. The appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed in the Proxy Form.

* Relevant Intermediary has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

(d) The instrument appointing the proxy(ies) must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy(ies) is signed on behalf of the appointed by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument is submitted personally or by post, be lodged with the instrument or, if the instrument is submitted electronically via email, be emailed with the instrument, failing which the instrument may be treated as invalid.

(e) The instrument appointing a proxy(es) must be submitted to the Company in the following manner:

(i) if submitted by post, be lodged with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632; or

(ii) if submitted electronically, submitted by way of email to info@zixinshuye.com,

in either case, by 10:00 a.m. on 6 September 2023, being not less than 48 hours before the time set for the AGM, and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

(f) This proxy form is not valid for use by investors holding shares in the Company under the Central Provident Fund Investment Scheme and/or Supplementary Retirement Scheme ("**CPF/SRS Investors**") and shall be ineffective for all intents and purposes if used or purported to be used by them. CPS/SRS Investors who wish to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 5.00 p.m. on 30 August 2023), CPF/SRS Investors should contact their respective agent banks or SRS operators for any queries they may have with regard to the appointment of proxy for the AGM.

(g) The Company shall be entitled to reject a proxy form if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form lodged if the member, being the appointer, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

3. **Despatch of Documents:** All documents (including the Annual Report, Proxy Form, this Notice of AGM, and the Notice of Electronic Communication) or information relating to the business of the AGM have been, or will be published on SGXNET and the Company's website at https://www.zixingroup.com.sg/. Please note that printed copies of this Notice of AGM, Proxy Form and the Notice of Electronic Communication will be despatched to members, whereas printed copies of the Annual Report will not be despatched to members unless the relevant member submits the Election Form to the Company in accordance with the instructions set out in the Notice. Members are advised to check SGXNET and/or the Company's website regularly for updates.

4. **Personal Data Privacy:** By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, or by attending the AGM, the member of the Company (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. In addition, by attending the AGM and/or adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for any of the Purposes.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Xue Congyan and Mr Lawrence Chen Tse Chau (Chen Shichao) are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 31 August 2023 ("**AGM**") (collectively, the "**Retiring Directors**").

Pursuant to Rule 720(5) of the Listing Manual Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the following is the information relating to the Retiring Directors as set out in Appendix 7F to the Listing Manual Section B: Rules of the Catalist of the SGX-ST:

Name	**Lawrence Chen Tse Chau (Chen Shichao)**	**Xue Congyan**
Date of Appointment	26 October 2020	8 August 2019
Date of last re-appointment	31 August 2021	31 August 2021
Age	41	48
Country of principal residence	Singapore	China
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the Nominating Committee, as well as assessed the qualifications and experience of Mr Lawrence Chen Tse Chau (Chen Shichao), is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as a Non-Executive and Lead Independent Director of the Company.	The Board, having considered the recommendation of the Nominating Committee, as well as assessed the qualifications and experience of Mr Xue Congyan, is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as a Non-Executive and Independent Director of the Company.
Whether the appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Lead Independent Director, Audit Committee Chairman, Nominating Committee member and Remuneration Committee member	Non-Executive and Independent Director, Nominating Committee Chairman, Audit Committee member and Remuneration Committee member
Professional qualifications	Diploma in Marine Engineering, Singapore Polytechnic Bachelor of Science in Applied Accounting (Upper Second Class Honours), Oxford Brookes University Fellow Member of The Association of Chartered Certified Accountants (ACCA, UK) Chartered Accountant of Singapore, Institute of Singapore Chartered Accountants Member of Singapore Institute of Directors	Bachelor of Science in Computer Science, Angeles University, Republic of Philippines Master of Science in International Finance (with merit), University of Leeds, United Kingdom Master of Science in Global Finance, HKUST & NYU Stern School of Business

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

ZIXIN GROUP HOLDINGS LIMITED

Name	Lawrence Chen Tse Chau (Chen Shichao)	Xue Congyan
Working experience and occupation(s) during the past 10-years	July 2023 to present: Independent Director and Non-Executive Chairman of Sevens Atelier Limited (formerly known as Pan Asian Holdings Limited) November 2022 to present: Lead Independent Director of Sevens Atelier Limited (formerly known as Pan Asian Holdings Limited) April 2021 to present: Non-Executive and Independent Director of Sevens Atelier Limited (formerly known as Pan Asian Holdings Limited) September 2020 to present: Managing Partner at Prime Accountants LLP (formerly known as Unity Advance LLP) September 2020 to March 2021: Audit Partner at JSL & Associates September 2020 to August 2021: Director at Athel Accounting Pte. Ltd. October 2020 to November 2021: Director at Prime Accountants Solutions Pte. Ltd. (formerly known as Prime Accountants Public Accounting Corporation) November 2020 to November 2022: Director at Athel Assurance Public Accounting Corporation March 2021 to November 2021: Director at Radiant Management Services Pte. Ltd. September 2020 to September 2021: Public Accountant Employee at SYA Public Accounting Corporation	June 2023 to present: Non-Executive and Independent Director of Camsing Healthcare Limited June 2023 to present: Non-Executive and Independent Director of Versalink Holdings Limited April 2019 to November 2019: Independent Director of Northern Minerals Limited September 2016 to present: Founder of Mundial Financial Group, LLC May 2013 to present: Founder of Beijing Gloryhope Capital (Limited Partnership) April 2012 to present: Co-Founder and Managing Director of Go & Company (HK) Limited June 2008 to present: Director of Shanxi Huanghe Zhongwang Animation Technology Co., Ltd August 2008 to present: Director of Kunming Kaishi Advertising Limited Liability Company May 2015 to present: Director of Beijing Anjien Entertainment Technology Co., Ltd. April 2007 to April 2015: Managing Director of Chardan Capital Markets LLC

Name	Lawrence Chen Tse Chau (Chen Shichao)	Xue Congyan
Working experience and occupation(s) during the past 10-years (cont'd)	September 2021 to December 2021: Director at Prime Talent Opportunities Pte Ltd (formerly known as Prime Global Talents Pte Ltd) September 2020 to June 2022: Public Accountant Employee at Acumen Assurance and Acumen Associates LLP October 2018 to September 2020: Assurance Associate Director at CLA Global TS (formerly known as Nexia TS Public Accounting Corporation) December 2017 to October 2018: Group Financial Controller at ecoWise Holdings Limited August 2016 to December 2017: Assistant Group Financial Controller at ecoWise Holdings Limited January 2013 to June 2016: Audit Senior Manager at RSM Chio Lim LLP	
Shareholding interest in the listed issuer and its subsidiaries	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None
Conflict of Interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer.	Yes	Yes

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name	Lawrence Chen Tse Chau (Chen Shichao)	Xue Congyan
Other Principal Commitments* Including Directorships#	Acumen Assurance PAF and Acumen Associates LLP	Northern Minerals Limited
Past (for the last 5 years)	Athel Accounting Pte. Ltd. Athel Assurance Public Accounting Corporation ecoWise Holdings Limited CLA Global TS (formerly known as Nexia TS Public Accounting Corporation) Prime Accountants Solutions Pte. Ltd. (formerly known as Prime Accountants Public Accounting Corporation) Prime Talent Opportunities Pte Ltd (formerly known as Prime Global Talents Pte Ltd) Radiant Management Services Pte. Ltd. SYA Public Accounting Corporation JSL & Associates	
Present	Sevens Atelier Limited (formerly known as Pan Asian Holdings Limited) Prime Accountants LLP (formerly known as Unity Advance LLP)	Versalink Holdings Limited Camsing Healthcare Limited Mundial Financial Group, LLC Beijing Gloryhope Capital (Limited Partnership) Go & Company (HK) Limited Shanxi Huanghe Zhongwang Animation Technology Co., Ltd. Kunming Kaishi Advertising Limited Liability Company Beijing Anjien Entertainment Technology Co., Ltd.

Name		Lawrence Chen Tse Chau (Chen Shichao)	Xue Congyan
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name		Lawrence Chen Tse Chau (Chen Shichao)	Xue Congyan
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No

Name	Lawrence Chen Tse Chau (Chen Shichao)	Xue Congyan
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable as this is in relation to the re-appointment of a Director.	Not applicable as this is in relation to the re-appointment of a Director.

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ZIXIN GROUP HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200718683N)

Proxy Form
Annual General Meeting

(Please see notes overleaf before completing this Proxy Form)

IMPORTANT:

1. The Annual General Meeting ("**AGM**") is being convened, and will be held in a wholly physical format at YMCA @ One Orchard, Tan Chin Tuan Function Room Level 4, One Orchard Road, Singapore 238824 on Friday, 8 September 2023 at 10 a.m. (Singapore Time). **There will be no option for members to participate virtually.**
2. **Please read the notes overleaf which contains instructions on, inter alia, on the appointment of proxy(ies).**
3. CPF/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM in order to allow sufficient time for their respective CPF Agent Banks or SRS Operators to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.
4. By submitting an instrument appointing proxy(ies) and/or representatives, the member accepts and agrees to the personal data protection terms as set out in the Notice of AGM dated 24 August 2023.

*I/We, ____ (full name in capital letters.)

*NRIC/Passport ____

of ____ (full address)

being *a member/members of **ZIXIN GROUP HOLDINGS LIMITED** (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

*and/or

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

or failing the person(s) referred to above, the Chairman of the AGM of the Company as *my/our proxy to attend and vote for *me/us on *my/our behalf at the AGM of the Company, to be held in a wholly physical format at YMCA @ One Orchard, Tan Chin Tuan Function Room Level 4, 1 Orchard Road, Singapore 238824 on Friday, 8 September 2023 at 10 a.m. (Singapore Time) and at any adjournment thereof.

*I/We direct my/our proxy to vote for or against, or abstain from voting the Resolutions to be proposed at the AGM as indicated hereunder. **If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion, as he will on any other matter arising at the AGM. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.**

All resolutions put to the vote at the AGM shall be conducted by poll.

(Please indicate your vote "**For**" or "**Against**" or "**Abstain**", with a "**X**" within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Resolutions relating to:	For	Against	Abstain
	Ordinary Business			
1	Adoption of the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2023 together with the Auditors' Report thereon			
2	Re-election of Mr Xue Congyan as a Director of the Company pursuant to Regulation 99 of the Company's Constitution			
3	Re-election of Mr Lawrence Chen Tse Chau (Chen Shichao) as a Director of the Company pursuant to Regulation 99 of the Company's Constitution			
4	Approval of Directors' Fees of up to S$110,000.00 for the financial year ending 31 March 2024, payable half-yearly in arrears			
5	Re-appointment of RT LLP as auditors of the Company and to authorise the Directors to fix their remuneration			
	Special Business			
6	Authority to allot and issue shares			
7	Authority to allot and issue shares under the Zixin Employee Share Option Scheme (formerly known as China Star Employee Share Option Scheme)			
8	Authority to allot and issue shares under the Zixin Performance Share Plan (formerly known as China Star Performance Share Plan)			

Dated this _________ day of___________, 2023

Total number of Shares in:	No. of Shares
CDP Register	
Register of Members	

____

*Signature of Member(s)**
*or, Common Seal of Corporate Member**

** Delete accordingly*

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the register of members of the Company, you should insert that number of shares. If you have shares registered in your name in the Depository Register and shares registered in your name in the register of members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the register of members. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.

2. A member who wishes to appoint proxy(ies) must complete the instrument appointing proxy(ies), before submitting it in the manner set out below.

3. A proxy need not be a member of the Company, and a member may choose to appoint the Chairman of the AGM as his/her/its proxy.

4. A member who is not a Relevant Intermediary* is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. Where such member's instrument appointing proxy(ies) appoints more than one (1) proxy, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy.

   A member who is a Relevant Intermediary is entitled to appoint more than one (1) proxy to speak, 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's instrument appointing proxy(ies) appoints more than one (1) proxy, it should annex to the Proxy Form the list of proxies, setting out, in respect of each proxy, the name, address, email address, NRIC/passport number and proportion of shareholding (number of Shares and percentage) in relation to which each proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank or SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with this note and to the relevant Notice of AGM. The appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed in the Proxy Form.

   * Relevant Intermediary has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

5. The instrument appointing the proxy(ies) must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy(ies) is signed on behalf of the appointed by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument is submitted personally or by post, be lodged with the instrument or, if the instrument is submitted electronically via email, be emailed with the instrument, failing which the instrument may be treated as invalid.

6. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632; or

   (b) if submitted electronically, submitted by way of email to info@zixinshuye.com,

   in either case, by no later than 10:00 a.m. on 6 September 2023, being not less than 48 hours before the time set for the AGM, and in default the instrument of proxy shall not be treated as valid.

   A member who wishes to submit an instrument of proxy must first complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore.

8. This proxy form is not valid for use by investors holding shares in the Company under the Central Provident Fund Investment Scheme and/or Supplementary Retirement Scheme ("**CPF/SRS Investors**") and shall be ineffective for all intents and purposes if used or purported to be used by them. CPS/SRS Investors who wish to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 5.00 p.m. on 30 August 2023). CPF/SRS Investors should contact their respective agent banks or SRS operators for any queries they may have with regard to the appointment of proxy for the AGM.

9. The Company shall be entitled to reject a proxy form if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form lodged if the member, being the appointer, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

10. **Personal Data Privacy:** By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, or by attending the AGM, the member of the Company (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. In addition, by attending the AGM and/or adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for any of the Purposes.

CORPORATE INFORMATION

Board of Directors

Mr Liang Chengwang
Executive Chairman & CEO

Mr Ng Poh Khoon
Non-Executive and Lead Independent Director

Mr Xue Congyan
Non-Executive and Independent Director

Mr Lawrence Chen Tse Chau (Chen Shichao)
Non-Executive and Independent Director

Audit Committee

Mr Ng Poh Khoon (Chairman)
Mr Xue Congyan
Mr Lawrence Chen Tse Chau

Nominating Committee

Mr Xue Congyan (Chairman)
Mr Ng Poh Khoon
Mr Lawrence Chen Tse Chau

Remuneration Committee

Mr Lawrence Chen Tse Chau (Chairman)
Mr Xue Congyan
Mr Ng Poh Khoon

Company Secretary

Mr Lim Kok Meng

Registered Office

60 Paya Lebar Road
#13-40 Paya Lebar Square
Singapore 409051
Tel: (65) 6980 5600
Email: info@zixinshuye.com.sg
Website: www.zixingroup.com.sg

Continuing Sponsor

Novus Corporate Finance Pte. Ltd.
7 Temasek Boulevard
#18-03B Suntec Tower 1
Singapore 038987
Tel: (65) 6950 2188

Auditors

RT LLP
70 Shenton Way
#07-15 Eon Shenton
Singapore 079118

Partner-in-charge: Kenneth Ng Boon Chong
(Appointed since the financial year ended 31 March 2023)

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
1 HarbourFront Ave,
#14-07 Keppel Bay
Singapore 098632
Tel: (65) 6536 5355
Fax: (65) 6536 1360

Principal Bankers

CIMB Bank (Singapore)
RHB Bank Berhad (Singapore)

Investor Relations

Octave FinComm Private Limited
富登财经通讯私人有限公司
Email: enquiry@octavecomms.com
Website: www.octavecomms.com

ZIXIN GROUP HOLDINGS
紫心集团控股

ZIXIN GROUP HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Unique Entity No.: 200718683N)
www.zixingroup.com.sg