ZIXIN GROUP HOLDINGS
紫心集团控股

(formerly known as China Star Food Group)
(Incorporated in the Republic of Singapore with Unique Entity No.: 200718683N)
Website: **www.zixingroup.com.sg**
SGX stock code: **42W**

RESPONSE TO A QUESTION FROM THE SGX-ST IN RESPECT OF THE COMPANY'S ANNOUNCEMENT DATED 27 MARCH 2023 IN RELATION TO THE COMPANY'S RESPONSES TO QUESTIONS FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

Unless otherwise defined, all capitalised terms shall bear the same meanings ascribed to them in the Response Announcement (as defined below).

The board of directors (the "**Board**" or the "**Directors**") of Zixin Group Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's announcements dated 16 March 2023 in relation to its Annual Report and Annual General Meeting for the financial year ended 31 March 2022, and its further announcement dated 27 March 2023 in relation to the Company's responses to the questions raised by the Securities Investors Association (Singapore) (the "**Response Announcement**").

The Company has on 29 March 2023 through its continuing sponsor, Novus Corporate Finance Pte. Ltd., received a query from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in relation to the Response Announcement.

The query posed by the SGX-ST, as well as the Company's response are set out below:

Q1. **"In response to queries 3(iv) and (v) on the placement proceeds, the Company has confirmed that the audit committee ("AC") has verified that all cash proceeds from the share placement exercises had been received by the Group's designated bank accounts. However, the Company takes the view that not to respond to the query publicly on whether the monies are currently held in Singapore bank accounts.**

What are the internal controls put in place by the Company to safeguard its cash, and how is the AC satisfied with the controls?"

Company's response

The Group has implemented a comprehensive system of internal controls to ensure the proper management of funds of the Group. This system is communicated through a written standard operating procedure ("**SOP**") that is made known to all Group employees that manage its funds.

The SOP includes, amongst others, the following key control measures:

(a) Segregation of duties: Different fund management functions, such as recording transactions, approving payments, and reconciling accounts are segregated and managed by different individuals;

(b) Authorization and Approval Procedures: Clear policies and procedures are put in place for authorizing and approving the use of funds, such as payments to vendors or the investment of funds;

(c) Reconciliation Procedures: Regular reconciliations are performed to ensure that all uses of funds are accurately recorded and accounted for;

(d) Physical Controls: Physical controls are in place to protect funds from theft or misappropriation, such as safety boxes, secure storage areas and restricted access;

(e) Monitoring and Reporting: Monitoring procedures are in place to detect any unusual or suspicious activity related to fund management, and appropriate reporting mechanisms are in place to notify management and regulatory authorities if necessary; and

(f) Regular Audits: The Group conducts regular internal audits of cash management procedures to ensure compliance with established policies and procedures and identify any areas that need improvement.

The Group regularly reviews the internal control procedures to ensure that they remain effective and in compliance with applicable regulations and best practices, and is committed to maintaining the highest standards of integrity and accountability in its management of funds.

The Audit Committee (the "**AC**") regularly reviews the Group's internal control procedures for management of funds via working closely with both internal and external auditors to address any issues relating to the effectiveness of such controls. On a yearly basis, the AC also further assesses the Group's compliance with laws and regulations, conducts interviews with management if necessary, evaluates risk management processes, and reviews management's assessment of internal controls.

Based on the foregoing, the AC is satisfied that the Group's internal controls to safeguard its funds are effective in preventing and detecting errors, fraud, and other financial irregularities.

By Order of the Board

Liang Chengwang
Executive Chairman and Chief Executive Officer

30 March 2023

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*This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**") in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Mr Andrew Leo, Chief Executive Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.