ZIXIN GROUP HOLDINGS
紫心集团控股

ADVANCING GROWTH WITH INNOVATION

ANNUAL REPORT **2024**











VISION
愿景

Bringing 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
使命

Using science and technology to create innovations in the traditional sweet potato industry that will benefit all stakeholders.

利用科学和科技对传统甘薯产业进行创新，使所有利益相关者受益

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This annual report has been prepared by **Zixin Group Holdings Limited** and reviewed by the Company's sponsor, RHB Bank Berhad, through its Singapore branch ("**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 annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of the statements or opinions made, or reports contained in this annual report.

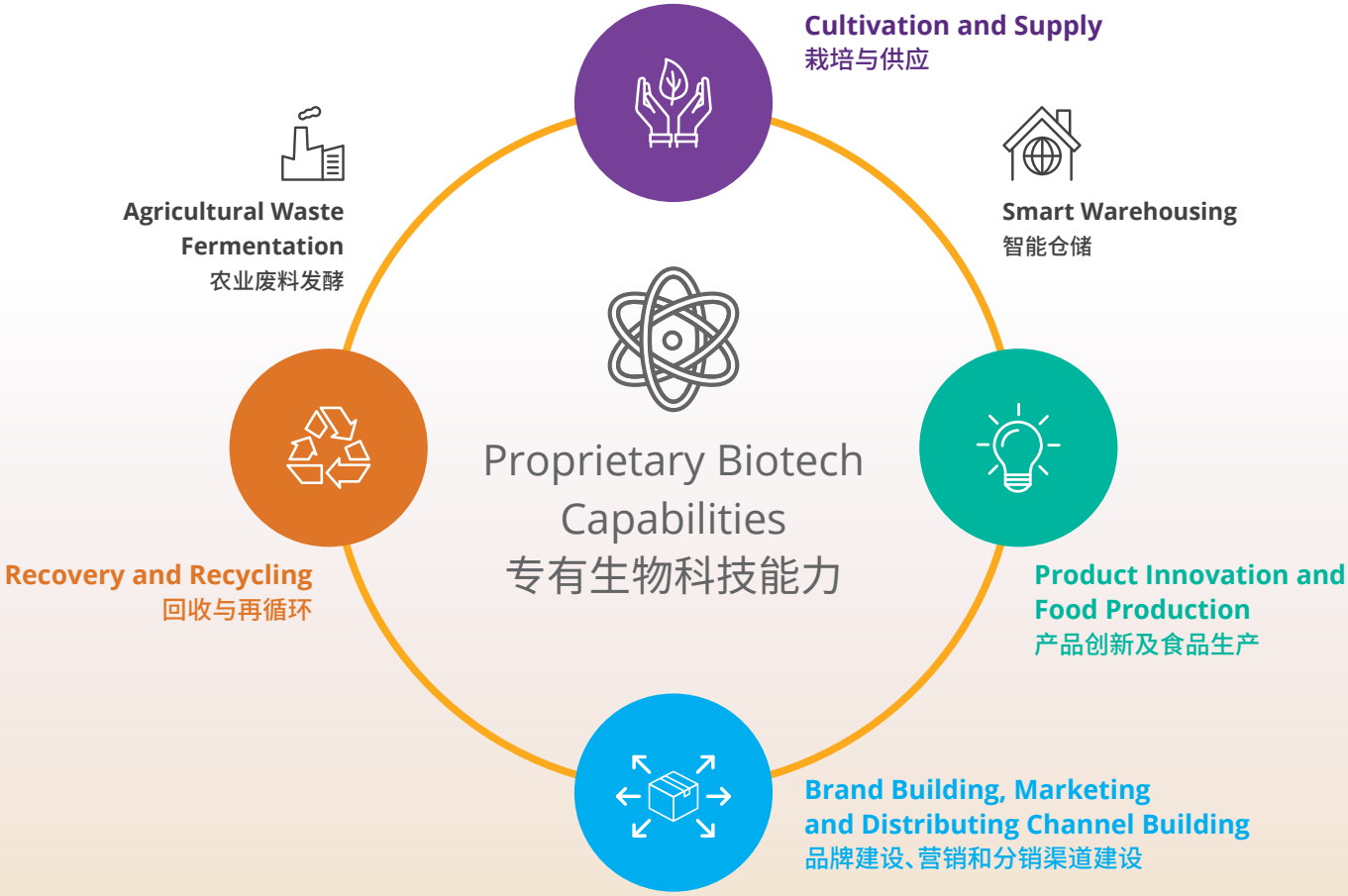
The contact person for the Sponsor is Mr Alvin Soh, Head, Corporate Finance, RHB Bank Berhad, Singapore branch, at 90 Cecil Street, #03-00 Singapore 069531, Telephone (65) 6320 0627.

COMPANY PROFILE

Zixin Group Holdings Limited ("**Zixin**" or the "**Company**" and together with its subsidiaries, "**Zixin Group**") is a leading biotech-focused sweet potato 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 sweet potato seedlings, (ii) sweet potato cultivation techniques and solutions to improve the quality and yield for farmlands, (iii) sweet potato seedlings nursery 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 channel building** – strengthen market awareness and position of proprietary brands of healthier snack food and functional food through targeted marketing campaigns and various distribution platforms (traditional and e-commerce) throughout China, and (d) **recovery and recycling** – R&D on nutritional content from sweet potato peels through proprietary extraction technology and utilising proprietary probiotic fermentation formulation as a medium to convert a gricultural waste materials such as spoiled sweet potatoes, sweet potato peels, stems and leaves into raw ingredients that could potentially be part of the poultry and animal feeds.

Zixin Group aims to be a leading biotech-focused sweet potato agritech operator globally that leverages smart ecological agriculture and utilises biotech capabilities throughout its integrated sweet potato industrial value chain. With the support of complementary industries such as smart warehousing and agricultural waste fermentation, Zixin Group intends to utilise its biotech capabilities to reinforce its circular economy business model to further enhance its effectiveness and cultivate economies of scale.

ZIXIN GROUP'S BIOTECH-FOCUSED SWEET POTATO INTEGRATED CIRCULAR ECONOMY INDUSTRIAL VALUE CHAIN BUSINESS MODEL
紫心集团以生物科技为核心的甘薯综合循环经济产业价值链商业模式



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 look forward to the opportunities to replicate our successful business model in China's agricultural regions and assist them in meeting their rural revitalization goals.



MR. LIANG CHENGWANG
Executive Chairman and Chief Executive Officer

REVENUE

RMB 318.4 million

45.0% (FY2023: RMB 219.6 million)

GROSS PROFIT

RMB 101.9 million

72.0% (FY2023: RMB 59.2 million)

CHAIRMAN'S LETTER TO SHAREHOLDERS

DEAR FELLOW SHAREHOLDERS,

I am appreciative of your patience and support as Zixin Group overcame adversity to deliver a set of commendable results in the second half ("**2H**") of the financial year ended 31 March 2024 ("**FY2024**"), and steered us back to profitability for the full financial year.

As China entered the endemic phase in early 2023, we gradually resumed our business activities in the first half of FY2024 ("**1H FY2024**"). However, the spillover effect from the loss of harvest at end of FY2023, coupled with higher operational costs, undermined our financial performance in 1H FY2024. Nonetheless, we were fortunate to have been spared from the three super typhoons that ravaged Fujian Province in August and September of last year.

During 2H FY2024, we tested our integrated circular economy industrial value chain model, starting with the harvesting of sweet potatoes from our contracted farmlands in Liancheng County. These fresh sweet potatoes were delivered to the third-party-operated smart warehouse, where they undergo automated washing and sorting, packaging, and climate-controlled cold storage services. This strategic collaboration, is believed to improve our Group's front-end operational efficiency while reducing sweet potato spoilage and operational costs, especially manpower. During the harvest season, traditional cellar-based sweet potato storage methods often result in spoilage and less competitive selling prices. With the smart warehouse, we are able to maintain the freshness and quality of fresh sweet potatoes and extend their shelf life. This could open up potential business opportunities for us to provide a regular supply of high-quality fresh sweet potatoes to supermarkets and e-commerce platforms.

REVENUE ANALYSIS BY PRODUCTS

FYE 31 March (RMB '000)	1H FY2024	2H FY2024	HoH Change	FY2024
Sweet potato processed products	98,446	161,902	64.5%	260,348
Sweet potatoes	18,745	39,354	109.9%	58,099
Total	117,191	201,256	71.7%	318,447

For FY2024, Zixin Group saw a 45.0% year-on-year increase in revenue of RMB 318.4 million, up from RMB 219.6 million in FY2023, on the back of a higher volume of fresh and processed sweet potato products produced and sold in 2H FY2024. Through better operational efficiency, improved economies of scale, and better resource utilisation, which lowered the cost of production of our sweet potato processed products, we achieved an improved gross margin. This correspondingly lifted our gross profit by 72.0% year-on-year from RMB 59.2 million in FY2023 to RMB 101.9 million in FY2024. Overall, we recorded a net profit of RMB 13.4 million in FY2024, a reversal from a net loss of RMB 14.2 million in FY2023.

FINANCIAL HIGHLIGHTS

FYE 31 March (RMB'000)	1H FY2024	2H FY2024	HoH Change	FY2024
Revenue	117,191	201,256	71.7%	318,447
Gross profit	34,708	67,163	93.5%	101,871
Gross margin	29.6%	33.4%	3.8 pp	32.0%
Profit / (Loss) before tax	(1,687)	23,152	N.M.	21,465
Profit / (Loss) after tax[1]	(3,403)	16,757	N.M.	13,354
Profit / (Loss) per share[2] (RMB cents)	(0.25)	1.21	N.M.	0.97

Notes:

* pp denotes percentage points; and N.M. denotes not meaningful.

(1) Profit / (Loss) after tax attributable to owners of the Company

(2) Profit / (Loss) per share was computed based on the share capital of 1.38 billion shares for 1H FY2024, 2H FY2024, and FY2024.

ADVANCING GROWTH WITH INNOVATION

Our core proprietary biotech competencies, developed through our wholly-owned subsidiary, Fujian Zixin Biotechnological Potato Co., Ltd., focus on the research and development ("**R&D**") of extraction and production techniques to maximise the uses and applications of sweet potatoes in snack products and functional food products, including purple sweet potato powder and nutritional supplements, for health benefits. Our planned high-tech manufacturing facility for the production of functional food will use the extraction and production processes on sweet potato peels and flesh to produce sweet potato functional food products, including purple sweet potato powder, which has wide applications in the food and beverage industry, such as confectionery and noodles that we believe would command higher profit margins. We expect to start manufacturing in phases by the end of September 2024, and we will continue to develop the facility to meet the evolving needs of our customers.

Our another prominent R&D project focused on managing agricultural waste materials has made a preliminary breakthrough with our proprietary probiotic fermentation formulation that ferments spoiled sweet potatoes and sweet potato peels, stems, and leaves into raw ingredients that could potentially become a component of poultry and animal feeds.

CHAIRMAN'S LETTER TO SHAREHOLDERS

Currently, tests and feed trials are being conducted by feed manufacturers who use sweet potato probiotic-infused feed ingredients for poultry and livestock. Feeds with added sweet potato probiotic-infused ingredients are also undergoing validation with the goal of being classified as an alternative to soymeal or corn by the relevant authorities. We expect that the accreditation process involving feed trials will take some time to complete.

We believe that our innovative proprietary probiotic fermentation formulation for agricultural waste recycling would potentially (i) lower business risk for the sweet potato agriculture industry; (ii) reduce environmental pollution; and (iii) monetise our proprietary probiotic fermentation solution.

OUR FUTURE IS BRIGHT

Zixin Group's participation in rural revitalization projects, such as those in Lingao County, Hainan Province, and Lankao County, Henan Province, will involve replicating our biotech-focused sweet potato integrated circular economy industrial value chain business model with the complementary industries (smart warehouses and fermentation plants) to drive economic value and benefit local communities.

China's agriculture ministry issued a three-year plan in April 2023 aimed at reducing the use of soymeal in animal feed to reduce heavy reliance on soybean imports. The new plan proposes that the soymeal ratio in animal feed should be reduced to less than 13% by 2025, down from 14.5% in 2022.1 We believe our breakthrough in the proprietary probiotic fermentation formulation to convert agricultural waste into raw ingredients as an alternative option for poultry and animal feed manufacturers will resolve the woes of sweet potato farmers and poultry and livestock farmers.

STRENGTHENING OUR SHAREHOLDER BASE

As Zixin Group progresses, we are also looking into broadening our shareholder base to enhance shareholder value in the long term. We are heartened by the overwhelming support from our shareholders for the renounceable non-underwritten rights cum warrants issue announced on 28 March 2024, and successfully completed on 24 June 2024. The Company raised net proceeds of approximately S$2.1 million from the rights cum warrants issue, and we expect to receive up to approximately S$26.0 million if the issued Warrants are fully exercised.

An aggregate of 144,481,810 new ordinary shares (the "**Rights Shares**") have been allotted at an issue price of S$0.0165 per Rights Share and 577,927,240 free detachable warrants (the "**Warrants**") to successful subscribers on the basis of one (1) Rights Share for every ten (10) existing shares held by eligible shareholders and four (4) Warrants for every one (1) Rights Share subscribed, and each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company at the exercise price of S$0.045 per Warrant.

The Warrants have commenced trading on the SGX-ST with effect from 26 June 2024 under the counter name Zixin W260623 and stock code **46CW**.

ACKNOWLEDGEMENTS AND APPRECIATION

I am appreciative of my fellow board directors for their guidance and support. On behalf of the Board, I would like to express our appreciation to all Zixin Group members for their dedication, motivation, and efforts throughout the last financial year. We remain committed to strengthening our fundamentals in the integrated circular economy industrial value chain in order to improve and deliver sustainable values to our stakeholders.

We are appreciative of our business partners, customers, and shareholders for their confidence, patience, and support in Zixin Group. As we refine our biotech-focused sweet potato integrated circular economy industrial value chain model in Liancheng County, along with the complementary industries of smart warehouse and agricultural waste fermentation, we look forward to the opportunities to replicate our successful business model in China's agricultural regions and assist them in meeting their rural revitalization goals.

LIANG CHENGWANG
Executive Chairman & Chief Executive Officer

Source: Food security drives China to cut soymeal use in animal feed. https://www.reuters.com/world/china/food-security-drives-china-cut-soymeal-use-animal-feed-2023-04-14/

主席致股东的信

我们期待着有机会将我们成功的商业模式复制到中国的农业地区，协助他们实现乡村振兴的目标。



梁承旺
执行董事长兼首席执行总裁

财年收入
3.184 亿人民币
45.0% 2023 财年: 2.196 亿人民币

毛利
1.019 亿人民币
72.0% 2023 财年: 5,920 万人民币

主席致股东的信

诸位股东：

在截至2024年3月31日的财政年度(「**2024财年**」)下半年，紫心集团克服逆境，取得了一系列值得称道的业绩，并在整个财政年度恢复盈利，我非常感谢大家的耐心和支持。

随着中国在2023年初进入疫情流行阶段，我们在2024财年上半年(「**2024财年上半年**」)逐步恢复了业务活动。然而，2023财政年度末的歉收带来的溢出效应，加上运营成本的增加，削弱了我们2024财年上半年的财务业绩。尽管如此，我们仍对去年8月和9月肆虐福建省的三次超强台风中幸免于难感到庆幸。

在2024财年下半年，我们测试了我们的综合循环经济产业价值链模式，从我们在连城县的承包农田收割甘薯开始。这些新鲜甘薯会被运送到第三方运营的智能仓库，在那里进行自动化的清洗和分拣、包装以及恒温冷藏等服务。 相信这项战略合作将提高了我们集团的前端运营效率，同时减少了甘薯变质率和运营成本，尤其是人力成本。在收成季节，传统的地窖甘薯储存方法通常会导致至甘薯变质和销售价格竞争力下降。有了智能仓库，我们就能保持鲜薯的新鲜度和质量，延长保质期。这为我们向超市和电子商务平台定期供应优质鲜薯提供了潜在的商机。

产品收入分析

财政年3月31日 (RMB’000)	2024财年 上半年	2024财年 下半年	半对半 变化	2024财年
甘薯加工产品	98,446	161,902	64.5%	260,348
鲜薯	18,745	39,354	109.9%	58,099
共计	117,191	201,256	71.7%	318,447

在2024财年，紫心集团的收入从2023财年的人民币2.196亿元增长至人民币3.184亿元，同比增长45.0%，这主要得益于2024财年下半年生产和销售的甘薯鲜品和加工产品数量增加。通过提高运营效率、改善规模经济和提高资源利用率，降低了红甘薯加工产品的生产成本，我们实现了毛利率的提高。因此，我们的毛利润同比增长72.0%，从2023财年的人民币5,920万元增至2024财年的人民币1.019亿元。总体而言，我们在2024财年录得净利润人民币1,340万元，扭转了2023财年净亏损人民币1,420万元的局面。

财务摘要

财政年3月31日 (RMB’000)	2024财年 上半年	2024财年 下半年	半对半 变化	2024财年
收入	117,191	201,256	71.7%	318,447
毛利润	34,708	67,163	93.5%	101,871
毛利率	29.6%	33.4%	3.8 pp	32.0%
税前利润/(亏损)	(1,687)	23,152	N.M.	21,465
税后利润/(亏损)[1]	(3,403)	16,757	N.M.	13,354
每股利润/(亏损)[2] (人民币分)	(0.25)	1.21	N.M.	0.97

注释:
* pp表示百分；N.M. 表示没有意义。
(1) 公司所有者应得税后利润/(亏损)
(2) 每股利润/(亏损)按 2024 财年上半年、2024 财年下半年和 2024 财年的股本 13.8 亿股计算。

以创新促进增长

我们通过全资子公司福建紫心生物科技薯业有限公司开发的核心专有生物科技能力，侧重于提取和生产技术的研究与开发(“**研发**”)，以最大限度地提高甘薯在休闲食品和功能性食品(包括紫薯粉和营养保健品)的用途和应用，从而达到保健功效。我们计划中的生产功能性食品的高科技生产设施将利用甘薯皮的提取和生产工艺，生产包括紫薯粉在内的甘薯功能性食品，紫薯粉在糕点和面条等食品和饮料行业有着广泛的应用，我们相信这将获得更高的利润率。我们预计在2024年9月底之前开始分阶段生产，并将继续开发该设施，以满足客户不断变化的需求。

我们另一个突出的研发项目侧重于农业废料的管理，我们专有的益生菌发酵配方取得了初步突破，可将变质的甘薯和甘薯皮、茎和叶发酵成可能成为家禽和动物饲料成分的原料。

目前，使用甘薯益生菌饲料配料饲养家禽和牲畜的饲料生产商正在进行测试和饲料试验。添加了甘薯益生菌成分的饲料也正在进行验证，目标是被有关当局列为豆粕或玉米的替代品。我们预计涉及饲料试验的认证过程将需要一些时间才能完成。

我们相信，我们用于农业废料循环利用的创新型专有益生菌发酵配方将有可能：(i) 降低甘薯农业的经营风险；(ii) 减少环境污染；(iii) 使我们的专有益生菌发酵解决方案货币化。

主席致股东的信

前途一片光明

紫心集团参与乡村振兴项目，如海南省临高县和河南省兰考县的乡村振兴项目，将把我们以生物技术为核心的甘薯综合循环经济产业价值链商业模式与配套产业（智能仓库和发酵厂）进行复制，以推动经济价值的提升，造福当地社区。

中国农业部于2023年4月发布了一项三年计划，旨在减少动物饲料中的豆粕用量，以降低对大豆进口的严重依赖。新计划提出，到2025年，动物饲料中的豆粕比例应从2022年的 14.5% 降至 13% 以下[1]。我们相信，我们在益生菌发酵专有配方方面取得的突破，将农业废料转化为原料，作为家禽和动物饲料生产商的替代选择，将解决甘薯种植户和家禽家畜养殖户的困境。

加强股东基础

随着紫心集团的发展，我们也在寻求扩大股东基础，以提升股东的长期价值。我们于2024年3月28日宣布发行可放弃的非包销供股暨认股权证，并于2024年6月24日成功完成，股东的大力支持令我们倍感振奋。公司从供股暨认股权证发行中筹集了约 210 万新元的净收益，如果已发行的认股权证得到充分行使，我们预计最多可筹集约2,600万新元的收益。

本公司已按每股供股股份 0.0165 新元的发行价，向成功认购者配发合共 144,481,810 股新普通股（“供股股份”），以及577,927,240份可自由拆分的认股权证（“认股权证”），认购基数为合资格股东每持有10股现有股份获配1股供股股份，以及每认购1股供股股份获配4份认股权证，而每份认股权证附有按每份认股权证0.045新元的行使价认购本公司股本中一股新普通股的权利。

认股权证已于2024年6月26日在新加坡证券交易所开始交易，交易名称为紫心 W260623，股票代码为**46CW**。

致谢

我非常感谢各位董事的指导和支持。我谨代表董事会对紫心集团全体成员在上一财政年度的奉献、积极和努力表示感谢。我们仍然致力于加强我们在综合循环经济产业价值链的基础，为利益相关方创造可持续的价值。

我们非常感谢我们的商业伙伴、客户和股东对紫心集团的信心、耐心和支持。随着我们在连城县完善我们的以生物科技为核心的甘薯综合循环经济产业价值链模式，以及智能仓库和农业废料发酵的互补产业，我们期待着有机会将我们成功的商业模式复制到中国的农业地区，协助他们实现乡村振兴的目标。

梁承旺
执行董事长兼首席执行总裁



资料来源： Food security drives China to cut soymeal use in animal feed. https://www.reuters.com/world/china/food-security-drives-china-cut-soymeal-use-animal-feed-2023-04-14/

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%

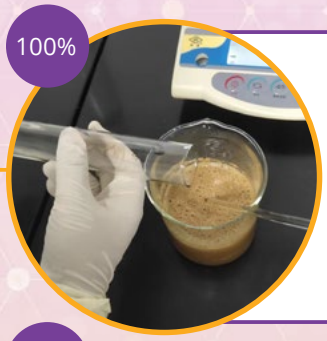
ZIXIN ENTERPRISE (SINGAPORE) PTE. LTD.
紫心企业(新加坡)私人有限公司
Wholesale trading and distribution for overseas markets

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 agricultural waste materials into nutritional feed ingredients for poultry and livestock, and production solutions and techniques for feed manufacturers.
研发将农业废料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
Product innovation for snack food and functional food, as well as R&D on production process to maximise nutrient retention and production efficiency. Strengthen market position of proprietary brands and establish distribution channel platforms.
休闲食品和功能性食品的产品创新，以及生产工艺的研发，以最大限度地保留营养成分和提高生产效率。加强自主品牌的市场地位，建立分销渠道平台。

100%



LIANCHENG DIZHONGBAO MODERN AGRICULTURE DEVELOPMENT CO., LTD.
连城县地中宝现代农业发展有限公司
R&D and cultivation of proprietary sweet potato varieties, and sale of sweet potato seedlings, cultivation solutions, management services, and fresh sweet potatoes.
研发和培育专有甘薯品种，销售甘薯种苗、栽培解决方案、管理服务和新鲜甘薯。

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, "**Zixin Group**") is committed to driving growth across our biotech-focused sweet potato integrated circular economy industrial value chain and enhancing economies of scale as we expand our operational base beyond Liancheng County, Fujian Province.

Our core proprietary biotech competencies developed through our wholly-owned subsidiary, Fujian Zixin Biotechnological Potato Co., Ltd. ("**Zixin Biotech**"), focus on the research and development ("**R&D**") of extraction and production techniques to maximise the uses and applications of sweet potatoes in snack products and functional food products, that offer health benefits beyond their nutritional value including purple sweet potato powder and nutrition supplement food. These R&D fundamentals drive the growth across Zixin Group's business operations including:



I **cultivation and supply**

(i) research and development on sweet potato varieties to cultivate sweet potato seedlings; and (ii) cultivation techniques and solutions to improve the quality and yield of fresh sweet potatoes supply for farmlands;



II **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,



III **brand building, marketing and distribution channel building**

strengthen market awareness and position of proprietary brands of healthier snack food and functional food through targeted marketing campaigns and various distribution channel platforms (traditional and e-commerce) throughout China, and



IV **recovery and recycling**

R&D on recovering nutritional content from sweet potato peels through proprietary extraction technology and utilising its proprietary probiotic fermentaion formulation as a medium to recycle agricultural waste materials such as sweet potato peels, stems, and leaves into source ingredients for poultry and animal feed.

BUSINESS OPERATIONS

Our integrated circular economy industrial value chain business model aims to (i) provide quality and nutritional value to both humans and farm animals through their food sources; (ii) improve traditional farmers' livelihoods; and (iii) reduce environmental pollution by implementing agricultural waste recovery and recycling technologies.

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 including sweet potato seedlings and fertilizers; 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 300mu (approximately 200,001m^2) for seedlings cultivation, to satisfy the Group's contracted farmland of 8,268.6mu (approximately 5,512,427.6m^2) through Cooperatives in Liancheng County and its vicinity for cultivation and production of our selected 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 high-quality snack food and functional food manufacturing operations for our range of proprietary products.

Zixin Group's suite of cultivation solutions including soil improvement, fertilizers, and R&D of 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.

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.

Currently, we have a total annual production capacity of approximately 13,440 tonnes of snack products, which we achieved a utilisation rate of 85% in FY2024 as compare to 75% to 80% in FY2023 during the peak season.

Zixin Biotech's high-tech manufacturing facility for the production of functional food with an annual production capacity of 35,000 tonnes announced in March and August 2021, is well underway. The planned expansion into high-tech manufacturing and research capabilities has progressed to interior renovation after the receipt of the property certificate and permission to proceed with the installation of equipment and machinery in March 2024. Manufacturing is expected to begin in stages at the end of September 2024 for trial production of functional food products using extraction technique to recover nutritional content from sweet potatoes, and to produce sweet potato processed products including functional food products.

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 channel building

As part of Zixin Group's streamlining efforts, our business segments are extended to include brand building, marketing and distribution channel expansion. The adoption of e-commerce, online sales platforms, and video marketing strategies such as "live-streaming" complements our entrenched distribution network and channels, providing our distributors and consumers with alternative options, and allowing 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 patented fresh sweet potato varieties and high-nutrition sweet potato snack products to more consumers in China and overseas.

IV. Recovery and Recycling

Fujian Zixin Fungal Biotechnology Co., Ltd. ("**Zixin Fungal Biotech**"), a wholly-owned subsidiary of Zixin Group, has been restructured to concentrate on the R&D of potential uses of agricultural waste materials, including sweet potato peels, stems, and leaves, to create nutritious feed source for farm animals and poultry feed.

As an integrated sweet potato industrial value chain operator, the cost and effort required to dispose of these agricultural waste materials are likely to rise in tandem with the increase in cultivation base and volume of processed sweet potato snack products. As a result, our recovery and recycling initiatives are as important as our growth in the upstream cultivation base and production.

We believe the growing awareness of "you are what you eat" could be driving demand for healthier food choices. This could also be one of the motivating factors for feed manufacturers to use sweet potato probiotic raw feed ingredients as an alternate substitute, which could potentially lower the cost of poultry and animal feed for farm owners. Sweet potato probiotic-infused feed ingredients will improve the digestive health of poultry and livestock, potentially increasing their survival rate and wellness. This, in turn, boosts the income of agricultural owners.

OUR STRATEGIC MOTIVATION

Our initial objective to drive business growth through our biotech expertise was received with scepticism, particularly for a relatively less popular crop, sweet potatoes. Over time, we worked hard to build an integrated industrial value chain that addressed agricultural challenges and reduced risks.

The COVID-19 pandemic revealed the importance of food safety, food security, and feed security. This led to the Chinese government's support for building standard flatted factory blocks for warehousing facilities and feed ingredient processing facilities, including the fermentation plants in Liancheng County, Fujian Province, China. These cold storage and processing facilities, as well as the feed ingredient processing facilities maintained by third-party operators, add to our integrated industrial value chain.

BUSINESS OPERATIONS

SMART WAREHOUSING TO IMPROVE ZIXIN GROUP'S FRONT-END OPERATIONAL EFFICIENCY AND REDUCE SWEET POTATO SPOILAGE

During the second half of FY2024, we tested our integrated circular economy industrial value chain model, starting with the automated sweet potato washing and sorting lines and cold storage process at the third-party operated smart warehouse. This process raises efficiency, reduces manpower requirements for washing and sorting, improves sweet potato content and quality analysis, and extends shelf life, all of which benefit our Group's front-end operational efficiency and reduce sweet potato spoilage.

We believe that this outsourced processing service improves the standardisation of fresh sweet potato products, minimises the risk of rotting when compared to the traditional method of storing sweet potatoes in cellars, and boosts shelf life via cold storage. This processing service, which is a game changer in the sweet potato industry, will assist us in reducing spoilage of our fresh sweet potato supplies while also enhancing our competitiveness against other smaller suppliers who use traditional storage methods.

ZIXIN GROUP'S PROPRIETARY PROBIOTIC FERMENTATION FORMULATION FOR SWEET POTATO AGRICULTURAL WASTE MATERIALS IS EXPECTED TO PROVIDE AN ALTERNATIVE CHOICE FOR FEED MANUFACTURERS

We work with a third-party operator, which uses our Group's proprietary probiotic fermentation formulation on agricultural waste materials (spoiled sweet potatoes, sweet potato peels, stems, and leaves) as part of the recovery and recycling process, converting agricultural waste materials into raw ingredients as an alternative choice for poultry and animal feed manufacturers. Currently, testing and feed trials are being conducted with feed manufacturers on the sweet potato probiotic-infused feed ingredients recovered from sweet potato agricultural waste materials.



As these sweet potato agricultural waste materials will be utilised to make sweet potato probiotic-infused feed ingredients for poultry and animals, the relevant authorities must certify that the poultry and animal feeds manufactured meet all standards, including nutritional contents and safety. The accreditation aims to classify sweet potato probiotic-infused feed ingredients as a substitute for soymeal or corn. We estimate that the certification process will take some time to complete.

We believe that our recovery and recycling segment will address two major issues: (i) agricultural waste disposal and pollution from spoiled sweet potatoes, sweet potato peels, stems, and leaves; and (ii) animal feed security and sustainability in providing poultry and animal feed manufacturers with an alternative choice of feed ingredients.

THE REPLICABILITY OF ZIXIN GROUP'S BIOTECH-FOCUSED SWEET POTATO INTEGRATED CIRCULAR ECONOMY INDUSTRIAL VALUE CHAIN BUSINESS MODEL IN RURAL REVITALIZATION PROJECTS WOULD BE A MAJOR LONG-TERM GROWTH DRIVER

With the support of complementary industries such as smart warehousing and agricultural waste fermentation, Zixin Group intends to utilise our biotech capabilities to reinforce our circular economy business model to further enhance effectiveness and cultivate economies of scale.

Through our participation in rural revitalization projects including Língão County, Hainan Province, and Lánkǎo County, Henan Province, we will be able to replicate our biotech-focused sweet potato integrated circular economy industrial value chain business model to drive economic value for these counties and benefit the local communities.

We hope that our efforts will stimulate transformation in the sweet potato agriculture industry, resulting in stability and sustainability for farmers' lives.

业务运营

紫心集团控股有限公司(简称「**紫心**」或「**公司**」,连同我们的子公司统称为「**紫心集团**」)致力于推动以生物科技为核心的甘薯综合循环经济产业价值链的增长,并随着我们将运营基地扩展到福建省连城县以外的地区而提高规模经济效益。

我们通过全资子公司福建紫心生物科技薯业有限公司(简称「**紫心生物**」)开发的核心专有生物科技能力,专注于萃取和生产技术的研究与开发("**研发**"),以最大限度地提高甘薯在休闲食品和功能性食品(包括紫薯粉和药膳食品)中的用途和应用,从而提供超出其营养价值的健康益处,造福人类健康。这些研发基础推动了紫心集团各业务板块的增长,包括:



I. 栽培和供应

(一)研究和开发甘薯品种,培育甘薯幼苗;以及(二)甘薯栽培技术和解决方案,以提高农田新鲜甘薯供应的质量和产量,



II. 产品创新和食品生产

休闲食品和功能性食品的创新,以及最大限度地保留营养成分和生产更健康的专有品牌产品的生产技术,



III. 品牌建设、营销和分销渠道建设

通过有针对性的营销活动和遍布全国的各种分销渠道平台(传统和电子商务),加强健康休闲食品和功能性食品自主品牌的市场知名度和地位,以及



IV. 回收和再循环

通过专有提取技术回收甘薯皮中的营养成分,并利用其专有益生菌发酵解决方案将甘薯皮、茎和叶等农业废料转化为家禽和动物饲料的原料。

业务运营

我们的综合循环经济产业价值链业务模旨在:(一)通过食物来源为人类和农场动物提供优质营养价值;(二)改善传统农民的生计;以及(三)通过实施农业废料回收和再循环技术减少环境污染。

I. 栽培和供应

紫心集团的全资子公司连城地中宝现代农业发展有限公司(简称「**地中宝**」)通过紫心生物提供支持,专注于(一)甘薯种苗培育;(二)通过提供种植技术支持和专用农资于(包括甘薯种苗和肥料)供应,提供种植解决方案和技术指导;以及(三)从我们提供种苗、种植解决方案和技术支持的承包农田供应与销售新鲜的红薯和紫薯。

目前,地中宝有 300 亩(约 200,001 平方米)专门用于种苗培育,以满足集团通过连城县及周边合作社承包的 8,268.6 亩(约 5,512,427.6 平方米)耕地,种植和生产我们选定的红薯和紫薯品种。

我们培育甘薯种苗和开发内部栽培解决方案的基本目标是确保食品安全和稳定供应优质甘薯,提高收成产量,以支持本集团的新鲜甘薯销售以及专有产品系列休闲食品、功能性食品生产业务。

紫心集团的栽培解决方案套件,包括土壤改良、肥料和甘薯种苗专利品种研发,也在市场上销售,以帮助其他个体农民提高作物产量,并生产高质量的红薯和紫薯。

II. 产品创新和食品生产

紫心集团的全资子公司福建紫老虎食品有限公司(简称「**紫老虎**」)专注于甘薯休闲产品的持续创新和生产技术,以紧跟消费者的喜好并提高生产效率。

我们将继续紧跟中国及海外消费者的喜好和休闲食品的发展趋势,投资研发营养价值更高的休闲食品和功能性食品的配方及生产技术。这些努力不仅将拓宽我们的产品组合,加强我们在更健康、更高营养食品方面的市场地位,还可能为紫心集团带来更高的收入。

目前,我们的休闲产品年总装机容量约为 13,440 吨,在 2024 财年的利用率达到 85%,而 2023 财年旺季的利用率为 75% 至 80%。

紫心生物于 2021 年 3 月和 8 月宣布,年产 35,000 吨的功能性食品高科技生产设施正在顺利进行中。在 2024 年 3 月取得房产证并获准进行设备和机器安装后,计划中的高科技生产和研究能力扩建已进入内部装修阶段。预计生产将于 2024 年 9 月底分阶段开始,利用萃取技术回收甘薯中的营养成分,试生产功能性食品,同时也生产甘薯加工产品。我们相信,这种整合可以使产品的创新和生产,满足不断变化的消费者偏好和休闲食品趋势发展保持一致。

作为可持续发展工作的一部分,我们还将在楼顶安装太阳能电池板,利用可再生能源发电,为大楼的运行提供电力,这也将节省公用事业成本。

III. 品牌建设、营销和分销渠道

作为紫心集团精简工作的另一个重点部分,我们业务板块也延续到品牌建设、市场营销和分销渠道拓展。通过电子商务、在线销售平台和视频营销战略(如"直播")的采用,补充了我们固有的分销网络和渠道,为分销商和消费者提供了其他选择,也使我们能够通过更有针对性的营销活动和分销渠道与消费者互动。

我们将继续致力于扩大我们的分销网络,将我们的专利新鲜甘薯品种和高营养甘薯休闲产品带给中国和海外更多的消费者。

IV. 回收和再循环

福建紫草生物科技有限公司(简称「**紫草生物科技**」)是紫心集团的全资子公司,已进行重组,专注于研发农业废料的潜在用途,包括红薯皮、茎和叶,为农场动物和家禽创造营养饲料的原料。

作为甘薯产业价值链的综合运营商,处理这些农业废料所需的成本和工作量可能会随着种植基地和加工甘薯休闲食品数量的增加而增加。因此,我们的回收和再循环措施与上游种植基地和产量的增长同等重要。

我们相信,"人如其食"的意识不断增强,可能会可能会推动人们对健康食品的需求,同时也是促使饲料生产商使用甘薯益生菌原料作为替代品的因素之一,这有可能降低农场业主的家禽和动物饲料成本。添加了甘薯益生菌的饲料原料将改善家禽和牲畜的消化系统健康,有可能提高它们的存活率和健康水平。这反过来又增加了甘薯农业所有者的收入。

业务运营

我们的战略动力

我们最初的目标是通过我们的生物科技专长推动业务增长，但这一目标遭到了质疑，尤其是对于甘薯这种相对不太受欢迎的农作物。随着时间的推移，我们努力建立一条综合产业价值链，以应对农业挑战并降低风险。

冠疫大流行揭示了食品安全、粮食安全和饲料安全的重要性。因此，中国政府支持在福建省连城县建设仓储设施和饲料原料加工设施的标准厂房，包括发酵厂。这些冷库藏和加工设施，以及由第三方运营商维护的饲料原料加工设施，为我们的综合产业价值链锦上添花，使甘薯的生命周期得以全面实现。

智能仓储提高紫心集团前端运营效率，减少甘薯变质

在 2024 财年的下半年，我们测试了综合循环经济产业价值链模式，首先是在第三方运营的智能仓库中采用甘薯自动清洗和分拣线以及冷藏工艺。这一流程提高了效率，减少了清洗和分拣的人力需求，改善了甘薯含量和质量分析，延长了保质期，所有这些都有利于我们集团的前端运营效率，减少甘薯变质。

我们相信，与在地窖中储存甘薯的传统方法相比，这种外包加工服务可以提高新鲜甘薯产品的标准化程度，最大限度地降低甘薯腐烂的风险，并通过冷藏延长保质期。这项改变甘薯行业游戏规则的加工服务，将有助于我们减少新鲜甘薯供应的腐烂变质，同时也增强了我们与其他采用传统储存方法的小型供应商的竞争力。

紫心集团专有的甘薯农业废料益生菌发酵配方为饲料生产商提供了另一种选择

我们与第三方运营商合作，将集团专有的益生菌发酵配方用于农业废料（变质甘薯、甘薯皮、茎和叶）的回收和再循环过程，将废料转化为原料，作为家禽和动物饲料制造商的替代选择。目前，正在与饲料生产商就从甘薯农业废料中回收的甘薯益生菌饲料原料进行测试和饲料试验。

由于这些从甘薯农业废料中提取的益生菌饲料原料将用于饲料生产，因此有关当局必须认证使用从甘薯废弃物中提取的益生菌添加饲料原料生产的家禽和动物饲料符合所有标准，包括营养成分和安全性，才有资格作为豆粕或玉米的替代品。我们预计这一认证过程需要一些时间才能完成。

我们相信，我们的回收和再循环环节将解决两大问题：（一）农业废料的处理以及变质甘薯、甘薯皮、茎和叶造成的污染；以及（二）动物饲料的安全性和可持续性，为家禽和动物饲料制造商提供饲料原料的替代选择。



紫心集团以生物科技为核心的甘薯综合循环经济产业价值链商业模式在乡村振兴项目中的可复制性，成为长期增长的主要驱动力

在智能仓储、农业废料发酵等配套产业的支持下，紫心集团拟利用生物技术能力强化循环经济业务模式，进一步提高效益，培育规模经济。

通过参与海南省临高县和河南省兰考县等乡村振兴项目，我们将能够复制以生物科技为核心的甘薯综合循环经济产业价值链商业模式，为这些县带来经济价值，造福当地社区。

我们希望，我们的努力将促进甘薯农业的转型，从而为农民的生活带来稳定性和可持续性。

FINANCIAL HIGHLIGHTS

For the financial year ended 31 March	**2024**	2023	2022	2021	2020
INCOME STATEMENT (RMB'000)					
Revenue	318,447	219,600	289,132	285,474	323,141
Gross profit	101,871	59,219	77,611	69,616	70,159
Profit / (Loss) before tax	21,465	(9,428)	5,911	(13,002)	(10,590)
Net profit / (loss) after tax	13,354	(14,190)	3,652	(12,676)	(6,467)
BALANCE SHEET (RMB'000)					
Shareholders' equity	513,932	499,921	514,005	453,915	436,013
Total assets	612,828	587,276	568,628	515,726	473,148
Total liabilities	98,896	87,355	54,623	61,811	37,135
Net asset value	513,932	499,921	514,005	453,915	436,013
Net tangible asset value	444,490	424,637	476,937	416,628	396,630
PER SHARE (RMB CENTS)					
Basic earnings [1]	0.97	(1.03)	0.34	(1.98)	(1.17)
Net asset value [2]	37.14	36.13	37.14	51.36	73.43
Net tangible asset value [2]	32.12	30.69	34.47	47.14	66.79
FINANCIAL RATIOS					
Return on equity [3]	2.63%	-2.80%	0.75%	-2.63%	-1.60%
Return on assets [4]	2.23%	-2.46%	0.67%	-2.36%	-1.45%
Net gearing ratio [5]	-19.00%	-31.68%	-31.46%	-35.93%	-10.47%

Notes

(1) Basic earnings per share was computed based on the weighted average number of approximately 1.4 billion shares for FY2024 and FY2023, 1.1 billion shares for FY2022, 640.7 million shares for FY2021, and 551.6 million shares for FY2020,.

(2) Net asset value per share and net tangible asset per share were computed based on the number of approximately 1.4 billion shares as at 31 March 2024, as at 31 March 2023 and as at 31 March 2022, 883.8 million shares as at 31 March 2021, and 593.8 million shares as at 31 March 2020.

(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 bolstered by an increase in the volume of fresh and processed sweet potato products produced and sold as a result of better operational efficiency, improved economies of scale, and better resource utilisation, which lowered the cost of production of our sweet potato processed products, as well as China's gradual economic recovery following the reopening of international borders.

Zixin Group Holdings Limited ("**Zixin**" or the "**Company**" and together with its subsidiaries, "**Zixin Group**") registered a net profit after tax of RMB 13.4 million for the financial year ended 31 March 2024 ("**FY2024**"), compared to a net loss after tax of RMB 14.2 million for the financial year ended 31 March 2023 ("**FY2023**"). Zixin Group's financial performance was bolstered by an increase in the volume of fresh and processed sweet potato products produced and sold as a result of better operational efficiency, improved economies of scale, and better resource utilisation, which lowered the cost of production of our sweet potato processed products, as well as China's gradual economic recovery following the reopening of international borders.

Revenue in the first quarter of FY2024 was impacted by the surge in COVID-19 infections following the easing of stringent precautionary measures and travelling restrictions by the Chinese government in December 2022 and early 2023. The mass infections led to temporary cessation of business operations and lower consumer spending, which slowed down the pace of Zixin Group's recovery in the first six months of FY2024. Nevertheless, Zixin Group commenced its pilot run on its integrated circular economy industrial value chain with complementary industries in the second half ("**2H**") of FY2024 that led to the outsourcing of the Group's front-end operations to a third party operated smart warehouse with automated sweet potato washing and sorting lines and cold storage process with a view to enhancing operational efficiency and reducing sweet potato spoilage. Riding on China's gradual economic recovery and a better harvest in 2H FY2024, Zixin Group's revenue growth increased by RMB 96.4 million or 92.0% from RMB 104.8 million in 2H FY2023 to RMB 201.3 million in 2H FY2024. Stronger sales from both sweet potato processed products and fresh sweet potatoes drove full-year revenue from RMB 219.6 million in FY2023 to RMB 318.4 million in FY2024.

PERFORMANCE REVIEW

Revenue Analysis by Products

FYE 31 March (RMB '000)	FY2024 (audited)	FY2023 (audited)	Variance
Sweet potato processed snack products	260,348	187,477	*38.9%*
Sweet potatoes	58,099	32,123	*80.9%*
Total	**318,447**	**219,600**	***45.0%***

Gross profit increased by 72.0% year-on-year from RMB 59.2 million in FY2023 to RMB 101.9 million in FY2024, owing to increase in sales revenue through better operational efficiency, improved economies of scale and better utilisation of resources, which lowered the cost of production of its sweet potato processed products in FY2024. Correspondingly, the gross margin increased from 27.0% in FY2023 to 32.0% in FY2024.

Interest income decreased by approximately RMB 0.2 million or 22.1% year-on-year from RMB 0.9 million in FY2023 to RMB 0.7 million in FY2024, due to lower interest income on lower average cash and bank balances with the banks.

Other income increased by approximately RMB 342,000 or 54.1% year-on-year from RMB 632,000 in FY2023 to RMB 974,000 in FY2024. The increase was mainly due to the sales of excess in-house cultivated sweet potato seedlings and subsidies received from e-commerce platform.

Marketing and distribution costs increased by approximately RMB 3.6 million or 11.7% year-on-year from RMB 30.8 million in FY2023 to RMB 34.4 million in FY2024. The increase was primarily attributable to higher delivery charges, publicity expenses, and operating expenses, which was partially offset by lower advertisement expenses.

Administrative expenses increased by approximately RMB 6.8 million or 19.0% year-on-year from RMB 35.7 million in FY2023 to RMB 42.5 million in FY2024. The increase was mainly due to increases in amortisation of intangible assets, and research and development expenses, which were partially offset by reductions in directors' remuneration and consultancy fee.

Other operating expenses increased by approximately RMB 0.2 million or 97.9% from RMB 0.2 million in FY2023 to RMB 0.4 million in FY2024. This mainly related to the cost of sales for the excess in-house cultivated sweet potato seedlings recorded under other income.

Other losses increased by approximately RMB 0.9 million or 53.6% year-on-year from RMB 1.6 million in FY2023 to RMB 2.5 million in FY2024. This was due to the increase in property, plant and equipment written-off and donations made in FY2024.

Finance costs increased by approximately RMB 0.5 million or 24.3% year-on-year from RMB 1.9 million in FY2023 to RMB 2.3 million in FY2024. The increase was mainly due to the higher interest charged on bank borrowings in the financial year under review.

Income tax expense increased by approximately RMB 3.3 million or 70.3% year-on-year from RMB 4.8 million in FY2023 to RMB 8.1 million in FY2024. Higher income tax expenses were attributed to current year income tax expenses as a result of higher profits generated in FY2024, deferred income tax expenses, and under-provision of prior year income tax expenses.

Taking into account the aforementioned, the Group recorded a net profit after tax of RMB 13.4 million in FY2024, a reversal from net loss after tax of RMB 14.2 million in FY2023.

FINANCIAL POSITION ANALYSIS

As at 31 March (RMB '000)	2024	2023	Variance
Equity attributable to the owners of the Company ("**Net asset value**")	**513,932**	499,921	2.8%
Current assets	**275,463**	285,629	(3.6)%
Cash and bank balances	**156,151**	205,496	(24.0)%
Current liabilities	**92,397**	84,369	9.5%
Short-term bank borrowings	**58,500**	47,100	24.2%
Working capital[(1)]	**183,066**	201,260	(9.0)%
Net asset value per share[(2)] (RMB)	**0.37**	0.36	2.8%

Notes:

(1) Working capital was computed using current assets less current liabilities.

(2) Net asset value per share was computed based on the share capital of 1.38 billion shares as at 31 March 2023 and 2024.

PERFORMANCE REVIEW

Zixin Group maintains a net cash position of RMB 97.7 million and recorded positive working capital of RMB 183.1 million as at 31 March 2024. As a result of the net profit attributable to shareholders of RMB 13.4 million in FY2024, net asset value per share increased correspondingly from RMB 0.36 (equivalent to approximately SGD 0.067) as at 31 March 2023 to RMB 0.37 (equivalent to approximately SGD 0.069).

Non-current assets increased by 11.8% year-on-year from RMB 301.6 million as at 31 March 2023 to RMB 337.4 million as at 31 March 2024. This was mainly due to (i) net additions of property, plant and equipment ("**PPE**") of RMB 33.5 million; and (ii) the increase in other assets (non-current) of RMB 8.6 million to RMB 91.3 million, comprising primarily advance payments to the Co-operatives for long-term supply contracts of fresh sweet potatoes. The increase was partially offset by (i) the decrease in intangible assets of RMB 5.8 million due to amortisation; and (iv) the decrease in deferred tax assets to nil resulting from the full utilisation of unutilised losses of the Company's subsidiary.

Current assets decreased by 3.6% year-on-year from RMB 285.6 million as at 31 March 2023 to RMB 275.5 million as at 31 March 2024. The decrease was mainly attributable to:

(i) the decrease in cash and bank balances of 24.0% to RMB 156.2 million as at 31 March 2024;

which was partially offset by

(ii) the increase in inventories of 35.1% to RMB 2.7 million as at 31 March 2024, due to higher sales order received in March 2024, resulting in a higher inventory level for new orders;

(iii) the increase in trade and other receivables of 145.1% to RMB 53.8 million as at 31 March 2024, due to higher sales between January to March 2024; and

(iv) the increase in other assets (current) of 11.8% to RMB 62.8 million as at 31 March 2024, due to higher utilisation of prepayment to the Group's suppliers of fresh sweet potatoes or professional service providers in the next 12 months.

The non-current liability increased by 136.0% to RMB 6.5 million as a result of the new lease contract, which raised long-term other payables to a service provider.

Zixin Group recorded an increase of 9.5% in current liabilities to RMB 92.4 million as at 31 March 2024, up from RMB 84.4 million as at 31 March 2023. The increase in current liabilities resulted from

(i) the increase in other financial liabilities of 24.2% to RMB 58.5 million, due to the increase in short-term borrowings;

which was partially offset by

(ii) the decrease in trade and other payables of 15.4% to RMB 31.4 million, due to the settlement of trade payables to its suppliers and other payables for land lease.

Zixin Group's shareholders' equity, comprising share capital, reserves and retained earnings, increased by 2.8% from RMB 499.9 million (equivalent to approximately SGD 92.6 million) as at 31 March 2023 to RMB 513.9 million (equivalent to approximately SGD 95.8 million).

CASH FLOW ANALYSIS

FYE 31 March (RMB '000)	FY2024	FY2023	Variance
Net Cash Generated From Operating Activities	**66,272**	75,947	(12.7)%
Net Cash (Used In) Investing Activities	**(124,508)**	(56,723)	119.5%
Net Cash Generated From Financing Activities	**8,891**	9,271	(4.1)%
Net Cash and Cash Equivalents	**156,151**	205,496	(24.0)%

Zixin Group is in a net cash position of RMB 97.7 million (equivalent to approximately SGD 18.2 million) as at 31 March 2024. The decrease in cash and cash equivalents in the year under review was mainly due to:

- Net cash generated from operating activities of RMB 66.3 million, comprising positive operating cash flow before changes in working capital of RMB 45.5 million, which was adjusted by the net working capital outflow of RMB 25.1 million, mainly stemmed from decreased in changes in other assets of RMB 59.7 million for supplies of sweet potatoes. The increase was partially offset with the increase in changes in trade and other receivables of RMB 32.0 million, trade and other payables of RMB 2.0 million, and inventories of RMB 0.7 million;

PERFORMANCE REVIEW

- Net cash outflow of RMB 124.5 million used in investing activities was due to (i) the 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) upfront payment to Co-operatives for supplies of sweet potatoes; and

- Net cash inflow amounting to RMB 9.0 million from financing activities comprising proceeds from short-term borrowings and interest expenses incurred.

Note: Net cash was computed based on cash and bank balances less total bank borrowings.

CORPORATE DEVELOPMENTS

Zixin Group continues to focus its efforts on strengthening its fundamentals. Some of the recent noteworthy corporate developments are as follows:

- On 28 March 2024, the Company proposed to undertake a renounceable non-underwritten rights cum warrants issue (the "**Rights Cum Warrants Issue**") of up to 144,481,810 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S$0.0165 per Rights Share, with up to 577,927,240 free detachable warrants (the "**Warrants**"), on the basis of one (1) Rights Share for every ten (10) existing Shares held by Eligible Shareholders and four (4) Warrants for every one (1) Rights Share subscribed and each Warrant carrying the right to subscribe for one (1) new Share in the capital of the Company (each a "**Warrant Share**") at the Exercise Price of S$0.045 per Warrant Share.

  The Rights Cum Warrants Issue was completed successfully on 24 June 2024. The Company raised net proceeds of approximately S$2.1 million from the Rights Cum Warrants Issue, and it expects to receive up to approximately S$26.0 million if the issued Warrants are fully exercised.

- On 21 July 2023, the Company announced that its wholly-owned subsidiary, Fujian Zixin Biotechnological Potato Co., Ltd. 福建紫心生物薯业有限公司 ("**Zixin Biotech**") had on 19 July 2023 entered into a strategic collaboration agreement with the People's Government of Lankao County, Henan Province 河南省兰考县人民政府 for the rural revitalisation initiative in Lankao County, Kaifeng City, Henan Province, China.

- On 18 July 2023, the Company announced that Zixin Biotech had on 29 June 2023 entered into a 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 中国农业科学院深圳农业基因组研究所.

  On the same day, Zixin Biotech also executed the articles of association with regards to the formation of a joint venture company, Shenzhen Zixin Provenance Biotechnology Co., Ltd 深圳紫心种源生物科技有限公司 ("**Zixin Provenance Biotech**") with Fujian Good Villa Agroecological Technology Co., Ltd 福建鼓龙农业生态科技有限公司 ("**Good Villa Agrotech**"), and AgSino China Digital Nutrition Technology (Shenzhen) Co., Ltd. 中农数字营养科技(深圳)有限公司 ("**AgSino Digital Agritech**").

The registered capital, as well as the shareholding ascribed to the respective joint venture partners in Zixin Provenance Biotech are as follows:

Joint Venture Partners	Capital Contribution (RMB' million)	Shareholding in Provenance Biotech
Good Villa Agrotech	6.0	60%
AgSino Digital Agritech	2.0	20%
Zixin Biotech	2.0	20%
Total	**10.0**	**100%**

The objective of incorporating Zixin Provenance Biotech is to drive R&D in agroecological technology and digital agriculture, which will amalgamate the core biotech competencies on the genetic resources database, and transform science and technology into functional cultivation of seedlings and sweet potato crops. The business activities of Zixin Provenance Biotech will also include providing professional training, technical support, and management services as well as facilitating seamless cooperation across the integrated industrial value chain and supporting industries.

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. LAWRENCE CHEN TSE CHAU (CHEN SHICHAO)

Non-Executive and Lead Independent Director

- **Date of first appointment as a director:**
  26 October 2020
- **Date of last re-appointment as a director:**
  8 September 2023
- **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 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 26 October 2020 and was last re-elected on 8 September 2023.

  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).

BOARD OF DIRECTORS

MR. NG POH KHOON
Non-Executive and 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
  - Director of Nexusinnovest Pte Ltd
  - Director of 67 Capital Private Limited
- **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 Independent Director of the Company, Chairman of the Remuneration Committee and a member of the Nominating and Audit Committees. He was appointed to the Board on 31 May 2018 and was last re-elected on 31 March 2023.

  Mr. Ng is also a Director of various other Singapore companies, including 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 the Singapore Institute of Directors and an associate member of the Institute of Singapore Chartered Accountants and International Compliance Association, United Kingdom.

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:**
  8 September 2023
- **Present Directorships:**
  Other Listed Companies
  - Camsing Healthcare Limited
  - Versalink Holdings Limited

  Other Principal Commitments
  - Founder of Mundial Financial Group, LLC
  - Founder of Beijing Gloryhope Capital (Limited Partnership)
  - Managing Director of Go & Company (HK) Limited
- **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 8 September 2023.

  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 co-founded 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.

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**") is pleased to present the annual sustainability report for the financial year ended 31 March 2024 ("**FY2024**").

The Chinese Government's initiatives to stimulate agricultural expansion and revitalise rural villages throughout China bode well for Zixin Group. As we refine our biotech-focused sweet potato integrated circular economy industrial value chain business model in Liancheng County, we will also improve our economic, environmental, social, and governance ("**EESG**") material components to strengthen our position in China's sweet potato industry.

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 validates the sustainability practices that are material to our businesses. We have not fully complied with the climate-related disclosures as required under Practice Note 7F of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") as the Group focused all efforts on resuming our operations following the pandemic. However, we have commenced internal discussion to comprehend climate-related risks and opportunities that could have potential impacts on our business, and we endeavour to deepen our understanding in order to propose contingency plans and/or solutions that could further strengthen our business fundamentals and safeguard the interests of our stakeholders. We are committed to complying with relevant climate-related disclosures in FY2025.

This sustainability report includes our EESG performance in FY2024, 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. Although Zixin Group's business operations are primarily located in China, we are 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 and Practice Note 7F of the Catalist Rules, save for the climate-related disclosures as explained above. We have chosen the GRI framework as it is a well-known and globally recognised sustainability reporting standard.

While external assurance has not been sought for this sustainability report, an internal review of our sustainability reporting processes will be conducted in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors by our internal auditors, on a cycle basis, as part of the internal audit plan.

This sustainability report forms part of the annual report of the Company for FY2024, which is available on the Company's corporate website at www.zixingroup.com.sg and on SGXNet at www.sgx.com/securities/company-announcements.

We welcome stakeholders to provide us with feedback and suggestions on this report. You may contact us at info@zixinshuye.com.

On behalf of the Board

LIANG CHENGWANG
Executive Chairman and Chief Executive Officer

12 July 2024

SUSTAINABILITY REPORT

SUSTAINABILITY GOVERNANCE

At Zixin Group, we prioritise sustainability by regularly recognising, monitoring, and managing the potential impact of EESG as well as risks and opportunities across our biotech-focused sweet potato integrated industrial value chain. We are committed to generating stable and sustainable growth for our prioritised stakeholders, namely, employees, business partners, local communities, and customers for the long term.

Sustainability Approach

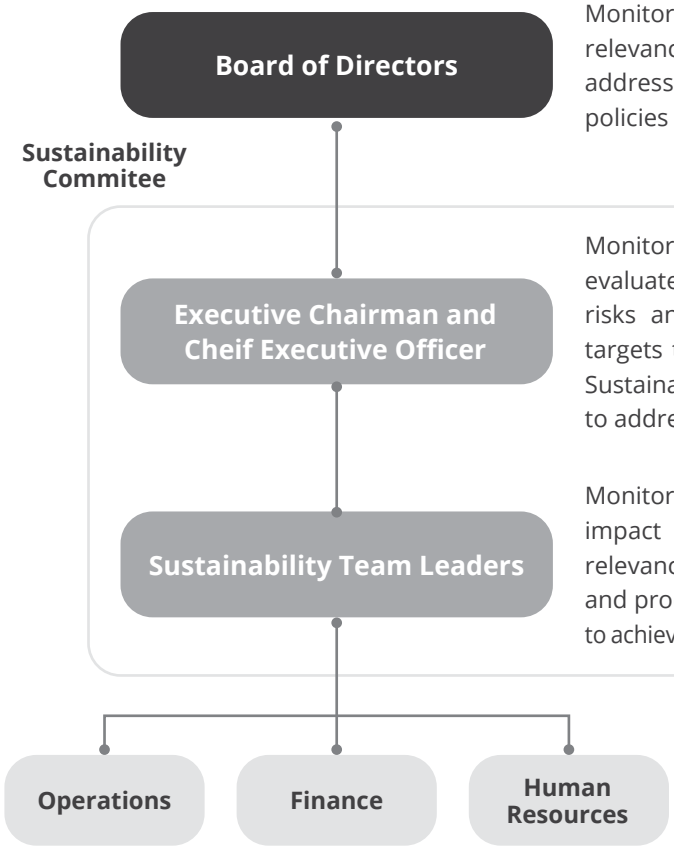
We have a Sustainability Committee in place, which includes representatives from the organisation's various departments and is overseen by the Executive Chairman and Chief Executive Officer, who reports to the Board during board meetings for discussion and guidance.

The Sustainability Committee will be notified of any sustainability concerns related to Zixin Group's risks and opportunities. The Sustainability Committee will evaluate the raised concern before presenting its findings to the Board. The Board maintains efficient oversight over the Sustainability Committee by reviewing and considering the relevance and adequate practices in place to address potential sustainability issues. The Board will also incorporate these findings when formulating strategies and policies to better manage the potential sustainability risks and opportunities that could possibly be encountered by the Group. This process helps to ensure that all EESG and climate-related matters significant to the business are considered and adequately addressed.

The Sustainability Committee is responsible for monitoring and assessing Zixin Group's sustainability performance and material topics, addressing stakeholder concerns on an ongoing basis, and properly managing and setting targets and goals for material topics. This includes establishing systems to collect, verify, and monitor the 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.

SUSTAINABILITY REPORT

Zixin Group's sustainability governance structure is set out as follows:



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 efficient communication among prioritised stakeholders to work towards achieving mutually beneficial goals together.

As China entered the endemic phase in early 2023, we increased our involvement with both internal and external stakeholders, including our employees, customers / distributors, suppliers / business partners, and the investment community, through in-person meetings in FY2024. We believe that our engagements with stakeholders enable us to assess the relevance of material topics that are important to our business and stakeholders, resulting in stronger mutually beneficial connections and long-term goal alignment.

SUSTAINABILITY REPORT

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

Stakeholders	Areas of Concern	Communication Platforms	Our Actions
Internal			
Board of Directors	• Ensure that internal policies and systems are current, effectively implemented and monitored throughout the organisation • Compliance with relevant laws and regulations	• Board meetings • Regular updates via electronic communications (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 stability and prospect • Training and education opportunities • Competitive salaries and incentives • Pleasant and safe working environment	• Regular internal communications through meetings and electronic communications (emails, phone calls, internal notices) • Employee caring sessions • Corporate recreational activities • Training and development programmes • Performance appraisal • 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 and Regulators	• Good governance practices • Regulatory compliance • Food safety compliance • Occupational health & safety • Environmental compliance • Socioeconomic compliance • Tax issues	• Meetings • Mails • Electronic communications (emails, phone calls, virtual meetings) • Through external professionals and agencies • Announcements on SGXNet	• Ensure compliance with applicable laws and regulations 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 • Ensure all public disclosures on corporate results and developments are disclosed accurately and timely vis official announcements as and when required

Stakeholders	Areas of Concern	Communication Platforms	Our Actions
Customers / Distributors	• Consistent quality and supply of fresh sweet potatoes and processed products • High quality and nutritional standards • Compliance with food safety and environmental standards • Reliability, on-time delivery • Pre- and post-sales services • Competitive pricing • Reasonable payment terms	• Focus group meetings • Market survey on consumer tastes • Regular sales calls and meetings with distributors • "livestreaming" online platforms • Email enquiries • Consumer outreach marketing events	• Active follow-up on customers' preferences • Regular internal meetings to review customer fulfilment and new requirements • Provide timely updates include new product launches to customers • Ensure all relevant food safety requirements and standards are met for all fresh and processed products produced and sold
Suppliers / Business Partners	• Timely payment and adherence to agreed terms • Long-term working relationship • Competitive pricing • Quality of goods and services	• Regular interactions with suppliers • Electronic communications (emails, phone calls, virtual meetings)	• Regular review, assessment, and feedback on quality, pricing, delivery lead time, and evolving requirements • Ensure compliance with food safety standards, socioeconomic, environmental laws and regulations, as well as good corporate governance practices • Perform periodic evaluation
Shareholders and investment community	• Financial performance • Industry conditions and prospects • Market presence • Profitability and sustainability • Transparency and corporate governance	• Announcements on SGXNet • Shareholders' general meetings • Annual report • Company website • Investor relations • Site visits • 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 • Conduct general meetings with shareholders at least once a year • Ensure sustainable business operations

SUSTAINABILITY REPORT

Materiality Assessment

We conducted an internal evaluation to determine the relevance of the material topics for FY2024, as well as an analysis of the materiality based on our industry and benchmarking against companies with similar business operations. The sustainability team leaders assessed the identified material topics and their relevance to Zixin Group's business activities. The selected material topics were then presented to the Board for assessment and approval before being included in this sustainability report.

The chart below outlines our materiality evaluation process for material topics and the relevant GRI Standards that we referenced in this sustainability report. We will continue to strengthen our interactions with our stakeholders on material topics relevant to our integrated industrial value chain. We will also gradually understand and analyse the influence of climate-related risks and opportunities on our business operations, aiming to include them in future sustainability reports.

Review Material Topics	Evaluate & Prioritise Material Topics	Validate Material Topics	Key Material Topics
Review & Analysis • Review and assess the relevance of material topics • Monitor and verify data information collected according to the identified material factors for review and analysis • Understand climate-related risks and opportunities	**Materiality Assessment** • Benchmarking analysis against similar listed companies and/or nature of business • Evaluate material factors that are of priority to the sustainability of the Group's business • Internal discussion on potential sustainability issues and climate-related risks and opportunities that are of relevance to Zixin Group's operations	**Report to the Board and Obtain Approval** • Update the Board on sustainability issues • Report to the Board on sustainability performance, sustainability issues, update on material factors that are of relevance to Zixin Group's business • Seek advice and obtain approval	**Economic** **GRI 201-1** • Economic Performance • Innovation and R&D • Climate-related risks and opportunities **GRI 204-1** • Suppliers and Business Partners • Environmental **GRI 302-1, 302-3, 303-3, 303-5, 305-1,305-2, 305-4** • 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 & 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 business operations gradually returned to normal when the Chinese government relaxed its strict "zero-COVID" policy in early 2023. The abrupt shift, however, resulted in the loss of sweet potato harvest, which undermined Zixin Group's financial performance in the first six months of FY2024.

In the year under review, Zixin Group managed to commence a pilot run on the full cycle of the integrated circular economy industrial value chain after we were spared from the super typhoons in August and September 2023, and we were able to harvest sweet potatoes in the second half of FY2024. Through better operational efficiency, improved economies of scale, and better resource utilisation, which lowered the cost of production of our processed sweet potato products, we achieved an improved gross margin from 27.0% in FY2023 to 32.0% in FY2024. This correspondingly raised our gross profit by 72.0% year-on-year to RMB 101.9 million in FY2024.

Taking into account the operating expenses and tax expenses, Zixin Group reversed a net loss of RMB 14.2 million in FY2023 to record a net profit of RMB 13.4 million in FY2024.

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

- Business Operations on page 9 - 15
- Financial Highlights on page 16
- Performance Review on page 17 - 20
- Financial Statements on page 88 - 137

We believe that our integrated circular economy industrial value chain, supported by the complementary industries of smart warehouse and agricultural waste fermentation plants, positions us at the forefront of the sweet potato industry. While the complementary industries operate independently and provide services to the Group, we collaborate to fine-tune the integrated circular economy industrial value chain in order to modernise the traditional agriculture industry, specifically for sweet potatoes. We expect the complementary industries to reduce our business risks while strengthening our long-term growth and sustainability.

The smooth operation of the sweet potato integrated circular economy industrial value chain will take time and effort. Nevertheless, we remain committed to generating economic value for our stakeholders and safeguard their interest.

The table below provides an analysis of our economic value distributed to various stakeholders, and the economic value retained.

Performance in FY2024
- Achieved the target of profitability, recorded RMB 13.4 million net profit in FY2024.

Targets for FY2025
- To maintain profitability and strive to improve its financial performance.

Direct economic value generated and distributed

GRI 201-1

(in RMB thousands)	FY2024	FY2023
Economic value generated	**318,447**	**219,600**
Economic value distributed	**(305,093)**	**(233,790)**
Operating costs [1]	(262,652)	(194,910)
Employee wages and benefits [2]	(32,007)	(32,249)
Payments to providers of capital	(2,323)	(1,869)
Payments to government by country (taxes)	(8,111)	(4,762)
Economic value retained	**13,354**	**(14,190)**

Notes:

(1) Operating costs include cost of sales, marketing and distribution expenses, other expenses and exclude employee wages and benefits.

(2) Employee wages and benefits include Directors' remuneration and employee salaries.

(3) Payments to providers of capital denotes interest paid to banks.

(4) Payments to government by country (taxes) denotes income tax

Research And Development

Biotechnological research and development ("**R&D**") is the primary motivation for Zixin Group's 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 sale of premium-grade fresh sweet potatoes and sweet potato processed products, to our consumers.

One of our R&D projects, which focused on the extraction and production techniques to maximise the uses and applications of sweet potatoes in snack products and functional food products, including purple sweet potato powder and nutritional supplements, for health benefits, is scheduled to begin trial production in stages at the end of September 2024. This planned expansion into high-tech manufacturing and research capabilities has progressed to interior renovation after the receipt of the property certificate and permission to proceed with the installation of equipment and machinery in March 2024. We believe our functional food products, such as purple sweet potato powder, which has wide applications in the food and beverage industry, including confectionery and noodles, would command better profit margins.

Another R&D project focused on managing agricultural waste materials has made a preliminary breakthrough with our proprietary probiotic fermentation formulation that ferment spoiled sweet potatoes and sweet potato peels, stems, and leaves into raw ingredients that could potentially become a component of poultry and animal feeds.

Currently, tests and feed trials are being conducted by feed manufacturers who use sweet potato probiotic-infused feed ingredients for poultry and livestock. We believe that we could potentially monetise our proprietary probiotic fermentation solution and, at the same time, assist in reducing environmental pollution and improve cost savings on the disposal of agricultural waste materials in the long term.

Performance in FY2024

- Did not achieve the target set for FY2024 due to delay in receiving the property certificate and permission to proceed with interior renovation of the high-tech manufacturing facility.
- No new patents were registered in FY2024. The Group has a total registered patents of twenty seven (27), comprising seventeen (17) utility model patents, six (6) design patents, and four (4) invention patents.

Targets for FY2025

- To monetise proprietary and patented solutions and techniques with the commissioning of the new high-tech functional food manufacturing.
- Continue R&D efforts for consistent improvement in Zixin Group's businesses across the industrial value chain.

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.

Climate-Related Risks and Opportunities

We recognise that the Task Force on Climate-related Financial Disclosures ("**TCFD**") seeks to improve transparency of organisations' climate-related risks and opportunities, allowing investors to make more informed decisions about their investments.

Zixin Group is aware of the potential risks that climate change poses to our agriculture industry and business operations, as well as to society at large. We are committed to comprehending climate-related risks and opportunities and incorporating possible solutions and/or contingency plans into Zixin Group's strategy and operations as part of our commitment to operating ethically and sustainably.

We have gradually adopted the TCFD recommendations, as well as developed and reported our Scope 1 and Scope 2 greenhouse gas emissions. As China entered the endemic phase much later, we are continuing the process of determining our baseline emissions in order to set feasible short-, medium-, and long-term targets.

In FY2024, the management team held a preliminary discussion with the Sustainability Committee, which includes key management executives from several departments across the Group, to better understand climate-related risks that could be essential to the Group's business sustainability. We endeavour to deepen our understanding in order to propose contingency plans and/or solutions that could further strengthen our business fundamentals and safeguard the interests of our stakeholders.

We are committed to complying with the relevant climate-related disclosures in FY2025.

Performance in FY2024

- Achieved the target in developing and reporting greenhouse emissions according to TCFD recommendations.
- Did not fully complied with the required climate-related disclosures. However, internal discussion was held to comprehend climate-related risks and opportunities that have a potential impact on Zixin Group's business.

Targets for FY2025

- To identify and assess climate-related risks and opportunities that are of relevance to Zixin Group.
- To establish the evaluation process for climate-related risks and opportunities, as well as the approach to managing potential risks and opportunities.

SUSTAINABILITY REPORT

Suppliers and Business Partners

GRI 204-1

Zixin Group believes in long-term success through collaboration with our suppliers and business partners. As part of our commitment to local farmers, we entered into long-term contracted farmland agreements through co-operative farming arrangements. This included providing them with proprietary farming solutions and selected quality sweet potato seedlings to improve crop yield, as well as purchasing their harvests of quality fresh sweet potatoes.

We believe that our continued investments and commitment to our business partners in cultivating consistently safe, high-quality, and nutritious sweet potatoes will provide us with a steady supply of high-quality fresh sweet potatoes.

We believe that our biotech-focused sweet potato integrated circular economy industrial value chain business model will contribute to a healthy ecosystem while also improving food safety and security for our value chain partners and customers. The Liancheng County Government's constructed flatted factories that allow third-party operators to operate cold storage warehouses and fermentation plants solve two significant concerns for all farmers: perishability and agricultural waste management. These measures reduce risk in the agriculture sector, particularly in remote villages.

At Zixin Group, we conduct annual supplier reviews and assessments to ensure that they continue to satisfy our requirements, which include product quality, timely delivery, support services, and a robust supply management system, as well as being a responsible enterprise. We changed some of our suppliers in FY2024 following our annual review and assessment.

Zixin Group purchased 31,506 tonnes of fresh sweet potatoes in FY2024, up 63.5% from 19,267 tonnes in FY2023. The increase was attributed to a good harvest on the contracted farmlands and the purchases were offset against the prepayments made to the Cooperatives who manage the contracted farmlands.

Total purchases excluding the purchases from contracted farmlands, increased by 51.2% year-on-year to RMB 145.2 million in FY2024, up from RMB 96.1 million in FY2023. Our purchases from the top ten (10) local producers increased by 38.9% year-on-year, from RMB 56.1 million in FY2023 to RMB 77.9 million in FY2024, on the back of increase in our sales revenue. Out of the total purchases, our purchases from the top ten (10) local producers constituted 53.6% in FY2024, a decline from 58.4% in FY2023.

While we are inclined to support the local economy, we also recognise that it may not be cost-efficient to purchase within Liancheng County and Longyan City due to the lack of competitive advantage as compared to other Chinese cities that are more developed. Nevertheless, we will continue to maintain the proportion of our purchases from our top ten (10) local producers at not less than 50% of our total purchases for the short and medium term.

Performance in FY2024

- Achieved the targets set for FY2024.
- Changed a few suppliers after the annual review and assessment.
- Total purchases from top ten (10) local producers within Longyan City maintained at not less than 50.0% as a form of support to the local economy.

Targets for FY2025

- To continue to provide quality seedlings and farming solutions to our contracted suppliers and fellow farmers in Liancheng County to improve their crop yields.
- To continue our practice to conduct annual review and assessment on our suppliers.
- To maintain purchases from the top ten (10) local producers at not less than 50% of total purchases. .

SUSTAINABILITY REPORT

MATERIAL TOPIC: ENVIRONMENTAL

Resource Efficiency

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

Zixin Group is committed to understanding the efficiency of our resources and working to minimise our environmental impact. In FY2024, we continued to monitor and measure our environmental footprint based on fuel, energy, and water consumption, collecting data from our operations located in Liancheng County, Fujian Province, China.

Our business activities include (i) centralised administrative and financial management in the office; (ii) marketing and sales of proprietary branded products for both Zixin Group and third parties through "livestreaming" and e-commerce platforms to cultivate demand; (iii) production at our sweet potato manufacturing facilities; and (iv) R&D in the research laboratories. These business functions are expected to increase electricity consumption as our business grows.

Nonetheless, we are committed to taking constructive, and proactive steps to reduce carbon emissions in our daily operations. At Zixin Group, we have developed a set of practices for reducing power and fuel consumption. These practices include the following:

- manage waste and improve cost savings through financial budgeting and monitoring,
- eliminate energy-intensive machinery and equipment on a regular basis,
- new machinery and equipment purchases will prioritise efficiency and energy savings, and
- workers at the manufacturing plants will receive regular reminders and education on energy savings through regular internal communications, including daily briefing.

We anticipate that our electricity and water consumption will increase in the near future as we commission our high-tech manufacturing and R&D facilities, which are located adjacent to our existing operations. In preparation for the increase, we continue to use solar-powered electricity, which is relatively cheaper, and we are looking into installing solar panels on the rooftop of our new high-tech manufacturing and R&D facilities to reduce energy consumption and manage cost savings.

The total energy consumed by Zixin Group in FY2024 was 23,984.4 gigajoules ("**GJ**"), comprising 1,229.3 GJ of fuel and 22,755.1 GJ of electricity. The overall greenhouse gas ("**GHG**") emissions increased by 53.5% to 5,458.5 tonnes of carbon dioxide emission ("**tCO_2e**") in FY2024 compared to 3,555.2 tCO_2e in FY2023. The carbon emission intensity of 17.14 tCO_2e per RMB million of revenue in FY2024 was 5.9% higher than 16.19 tCO_2e per RMB million of revenue. This was due to the increase in electricity consumption on higher productivity of snack food manufacturing and a newly started snack food processing production line in FY2024.

Performance in FY2024

- Did not achieve the target of lowering energy consumption in FY2024. This was due to an increase in business activities and increased productivity.
- Did not achieve the target on recording the use of electricity from renewable and non-renewable sources in FY2024. This was due to the resumption of business activities and expansion plans resulting in difficulty to establish the baseline to set target.

Targets for FY2025

- To lower or at least maintain energy consumption, carbon footprint and carbon emission intensity level by enhancing production efficiency as Zixin Group improves on economies of scale.
- To monitor and record the use of electricity from renewable and non-renewable sources to have a better understand of our cost savings in order to establish baseline for setting target.

While we did not achieve the target of reducing our energy consumption in FY2024, we are committed to using more renewable sources of electricity to reduce our carbon footprint in the short, medium, and long term. We resumed our business activities after the pandemic disruption in FY2024, and therefore, we will require time to monitor and record our energy consumption from renewable and non-renewable sources to establish our baseline for setting targets in the short, medium, and long term.

Energy consumed from non-renewable sources
GRI 302-1

Energy Source	Consumption (GJ)			
	FY2024	FY2023	FY2022	CAGR[1]
Fuel (petrol)	1,229.3	1,378.4	1,598.5	(11.9)%
Electricity	22,755.1	14,650.0	18,572.6	15.0%
Total	**23,984.4**	**16,028.4**	**20,171.1**	**12.7%**

Note:
(1) CAGR denotes compound annual growth rate.

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

GHG Emissions[1] (in tCO_2e)	FY2024	FY2023	FY2022	CAGR[2]
Scope 1	85.7	96.1	111.5	(11.9)%
Scope 2	5,372.7	3,459.0	4,265.5	16.1%
Total	**5,458.5**	**3,555.2**	**4,377.0**	**15.3%**
GHG emission intensity (tCO_2e per RMB million of revenue)	17.14	16.19	15.14	11.2%

Notes:
(1) GHG Protocol is used to compute the GHG emissions. Emission factors used are based on GHG Protocol and Institute for Global Environmental Strategies (2021). List of Grid Emission Factors, version 10.10. Available at: https://pub.iges.or.jp/pub/iges-list-grid-emission-factors
(2) CAGR denotes compound annual growth rate.

As our manufacturing activities improved in tandem with increasing in demand for our processed sweet potato products, the total volume of water drawn from the local municipal water supply increased by 227.0% from 167.5 megaliters ("**ML**") in FY2023 to 420.2 ML in FY2024.

In FY2024, the ramp up in production with an increase in the volume when business operations resumed, as well as the launch of new processed sweet potato snack products resulted in a significant increase in water consumption by 234.3% from 50.5 ML or 50,547.0 m^3 to 169.0 ML or 168,984.0 m^3. This led to a 234.3% increase in water consumption intensity of 230.2 m3 per RMB million of revenue in FY2023 to 530.7 m^3 per RMB million of revenue in FY2024.

Water usage for the office premises increased by 28.2% from 64.1 ML or 64,113 m^3 in FY2023 to 82.2 ML or 82,168 m^3 in FY2024, mainly due to the increase in activities and personnel in the office premises. These activities include more "livestreaming" marketing projects and corporate meetings.

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

(1 ML = 1000m^3)	FY2024	FY2023	FY2022	CAGR(1)
GROUP – water withdrawn	**420,136m^3**	**167,476m^3**	**204,047m^3**	**41.0%**
Office Premises				
Water withdrawn	82,168m^3	64,113m^3	63,328m^3	23.2%
Manufacturing Operations				
Water withdrawn	337,968m^3	103,363m^3	140,719m^3	47.3%
Water discharged	168,984m^3	52,816m^3	70,359m^3	49.0%
Water consumed	**168,984m^3**	**50,547m^3**	**70,361m^3**	**45.6%**
Water consumption intensity (m^3 per RMB million of revenue)	530.7	230.2	243.4	40.4%

Note:
(1) CAGR denotes compound annual growth rate.

Waste
GRI 306-2

The majority of Zixin Group's waste materials are non-hazardous and are managed in accordance with local authorities' guidelines. The waste materials came primarily from the manufacturing facility, including wastewater and sweet potato peels, as well as the seedling nursery, which includes 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, to which the Group pays a fee for proper disposal of our wastewater.

In tandem with higher sales revenue recorded by Zixin Group in FY2024, we witnessed a rise in the quantity of wastewater discharged and the amount of sweet potato peels disposed.

In FY2024, our manufacturing facility released 168,984.0 m^3 of wastewater, up 219.9% from 52,816.0 m^3 in FY2023. This was attributable to increased productivity in FY2024 as business operations normalised. The volume of sweet potato peels to be disposed of grew by 11.2% year-on-year, from 673.1 tonnes in FY2023 to 748.8 tonnes in FY2024. This was due to the manufacturing facility's increased procurement of peeled sweet potatoes in FY2024 and as a result, waste generated from sweet potato peels did not increase in parallel with the quantity of snack products produced.

Performance in FY2024
- Target achieved for no incident of non-compliance with the relevant laws and regulations related to environmental protection, which could result in penalty and public allegation.

Targets for FY2025
- To maintain no incident of non-compliance with the relevant laws and regulations of the environmental protection for the short, medium, and long term.
- To supply agricultural waste materials and proprietary probiotic fermentation solution to the fermentation plant operator to reduce waste.

Our goal of reducing the amount of agricultural waste materials generated by our business operations through R&D efforts resulted in a potential solution for the poultry and animal feed manufacturing industries. We believe that our specific biotech solution to address our agricultural waste could potentially generate economic value and further reduce our disposal cost to minimal in the long term.

In FY2024, we recorded no incident of non-compliance with the relevant laws and regulations of the environmental protection. Zixin Group will continue to abide by all environmental-related rules and regulations applicable to our businesses at all times.

MATERIAL TOPIC: SOCIAL

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

At Zixin Group, we remain committed to fair employment practices and creating a healthy working environment in which our employees are appreciated and treated equally and without prejudice. We believe that employee well-being is critical to our long-term growth.

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 holding 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.

We use a fair and flexible recruitment strategy, as well as competitive remuneration, to attract and retain qualified employees. Remuneration packages, which include appropriate social benefits, are reviewed on a regular basis to ensure alignment with the labour market and industry benchmarks. Confirmation and promotion are based on job performance and relevance. Dismissal also complies with employment regulations and non-discrimination laws.

We organise staff outings and company events, provide free health check-ups, free accommodation, and festive benefits for employees to foster better working relationships among employees within the organisation and reduce employee turnover. In FY2024, we held 14 staff engagement and teambuilding activities, as compared to 12 staff engagement and teambuilding activities in FY2023.

Our permanent headcount increased by 42 or 13.2% year-on-year from 317 in FY2023 to 362 in FY2024, while the number of contractual employees decreased by 23 or 18.1% year-on-year from 127 in FY2023 to 104 in FY2024. The proportion of permanent employees increased from 71.4% in FY2023 to 77.7% in FY2024. The increase in new hires for permanent employees was to replace for employees left when the Chinese government eased travelling restrictions in early 2023. While some employees left on natural attrition, we also increased non-renewal for contractual employees as we outsourced part of our front-end operations, which includes washing, sorting, and packing of fresh sweet potatoes, to the smart warehouse operator.

Performance in FY2024
- Did not achieve target of maintaining the proportion of male (30%) and female (70%) of our workforce in FY2024. This was due to ramp up in production at our snack food manufacturing facilities.
- Recorded no incident of non-compliance with the relevant laws and regulations related to fair employment practices.

Targets for FY2025
- To maintain no incidents of non-compliance with the relevant laws and regulations in fair employment practices for the short, medium, and long term.
- Continue to monitor and review the recruitment procedure and system regularly to ensure fair and non-discrimination in recruitment.
- Continue to improve gender diversity of our workforce to be 70% female-dominated.
- To hold at least 12 staff engagement and teambuilding activities to improve working relationships among employees in the organisation.

SUSTAINABILITY REPORT

Gender diversity in Zixin Group's sweet potato integrated industrial value chain continues to be dominated by women, with 72.4% of our workforce being female in FY2024, up from 71.6% in FY2023. Due to the food processing industry, the diversity by gender continues to be female-dominated. Our workforce under the age of 50 declined from 58.7% in FY2023 to 49.4% in FY2024, possibly due to the agriculture industry being less appealing to younger people.

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

EMPLOYEES BY GENDER

FYE 31 March / Gender	FY2024	FY2023	FY2022
Male	**27.6%**	28.4%	26.0%
Female	**72.4%**	71.6%	74.0%
Group Headcount	**362**	317	369

EMPLOYEES BY AGE GROUP

FYE 31 March / Age Group	FY2024	FY2023	FY2022
Under 30-year-old	**2.4%**	4.4%	5.7%
Between 30–50-year-old	**47.0%**	54.3%	71.5%
Above 50-year-old	**50.6%**	41.3%	22.8%
Group Headcount	**362**	317	369

DIVERSITY BY Employee CATEGORY, GENDER, AND AGE GROUP

FYE 31 March / Employee Category	FY2024			FY2023		
	Mgmt	Executive	Non-Executive	Mgmt	Executive	Non-Executive
Group	**3.3%**	**8.6%**	**88.1%**	**3.8%**	**10.1%**	**86.1%**
Diversity by Gender						
Male	75.0%	61.3%	22.6%	75.0%	62.5%	22.3%
Female	25.0%	38.7%	77.4%	25.0%	37.5%	77.7%
Diversity by Age Group						
Under 30-year-old	0.0%	0.0%	2.8%	0.0%	6.3%	4.4%
Between 30–50-year-old	66.7%	93.5%	41.7%	33.3%	93.8%	50.5%
Above 50-year-old	33.3%	6.5%	55.5%	66.7%	0.0%	45.1%

Note: Mgmt denotes senior management, and Executive includes middle management and supervisory positions.

BOARD DIVERSITY

Gender	FY2024	FY2023	FY2022	FY2021
Male	100%	100%	80%	80%
Female	0%	0%	20%	20%

NEW EMPLOYEES AND EMPLOYEE TURNOVER

FYE 31 March / Gender	New Hires		Resigned		Employee Turnover	
	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023
Male	**28.2%**	24.8%	30.6%	20.8%	35.8%	38.7%
Female	**71.8%**	75.2%	69.4%	79.2%	31.5%	54.8%
Group	**156**	121	111	173	32.7%	50.4%

Note: Employee turnover was computed based on the number of employees who left during the financial year over the average number of employees as at 31 March of FY2024, FY2023 and FY2022 as appropriate.

Occupational Health and Safety

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

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

As part of our effort to maintain a healthy and safe working environment for our organisation's members, we continue to be vigilant in managing and monitoring health and safety risks through the implementation of policies and procedures, including the Workplace Safety Policy, as well as employee behaviour and responsibility guidelines outlined in the Employee Handbook. We believe that self-responsibility will minimise workplace injuries and fatalities while boosting organisational cohesion.

Through our Workplace Safety Policy and Employee Handbook, all employees will be expected to complete training to gain the knowledge and abilities required for their roles and duties. Internal training courses are regularly provided to new and existing members of the organisation to ensure that they are aware of the various policies and standard procedures, as well as the ongoing emphasis on the importance of adhering to workplace safety standards and rules in order to keep work-related injuries to a minimum. These training courses are held monthly.

Performance in FY2024

- Achieved targets set for FY2024.
- Recorded zero incidence of significant work-related injuries resulting in fatality and permanent disability.
- Recorded zero incidence of non-compliance with the relevant laws and regulations relating to occupational health and safety.

To prepare our people, external professionals provide selected training seminars on natural disasters, earthquakes, floods, fire alarms, and self-rescue operations four times a year. We believe that emergency precautionary courses are essential for our employees.

Nevertheless, 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 involve equipment and machinery.

In FY2024, we maintained zero incidents resulting in fatality and permanent disability. Zixin Group is committed to maintaining our track record of zero incidence of non-compliance with the relevant laws and regulations relating to occupational health and safety, providing a safe working environment, and safeguarding our employees from occupational dangers in the short, medium, and long term.

Targets for FY2025

- 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 believe that our employees are the heartbeat of our organisation, and it is vital that we continue to increase the value of our people who contribute to our businesses' success.

Every employee in Zixin Group has 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 roles and responsibilities of the employees. These training programmes cover: 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 help our employees grow with the organisation.

AVERAGE TRAINING HOURS PER EMPLOYEE

Employee Category	Average Number of Training Hours		Variance
	FY2024	FY2023	(%)
Office			
Management	**160**	150	+ 6.7
Executive	**140**	130	+ 7.7
Non-executive	**120**	118	+ 1.7
Manufacturing			
Executive	**165**	100	+ 65.0
Non-executive	**120**	100	+ 20.0
Average training hour per employee	**17.8**	**16.8**	**+ 6.0**

Note: Trainings are primarily for employees based in Liancheng County, China.

Performance in FY2024

- Achieved targets set for FY2024.
- In FY2024, the average number of training hours per employee was 17.8, up 6% from 16.8 in FY2023. This was despite the Group increased its headcount in China from 315 in FY2023 to 359 in FY2024.

Targets for FY2025

- Continue to explore and provide relevant training programmes to upgrade the skills and knowledge of our employees.
- To maintain and achieve an annual average of 16 training hours per employee for the short, medium, and long term.

As our business operations returned to normal, we achieved an average of 17.8 training hours per employee in FY2024, a 6.0% increase from the average of 16.8 training hours per employee in FY2023. This was despite an increase in Zixin Group's headcount in FY2024.

We are committed to providing relevant academic and skills training programmes for our employees and will seek to achieve at least an average of 16 training hours per employee on an annual basis for the short, medium, and long term. Training programmes for the executive levels target management and operational planning, marketing and promotion of new product launches, and skillset upgrading in preparation for our current workforce to step up as we seek to expand beyond Liancheng County.

Performance Appraisal

GRI 404-3

Zixin Group conducts annual performance evaluations for all of our employees. Our Human Resources department has a system in place to conduct annual performance appraisals for all individual employees based on their positions and responsibilities.

The employee performance appraisal consists mostly of quantitative evaluation criteria. We also actively collect performance information on employees on a monthly basis through input and feedback from direct supervisors, as well as conducting regular communication sessions with employees from various departments within the organisation. We will be able to identify opportunities to design training programmes to meet the needs of operational teams and individual employees as a result of the data analysis. We feel that being focused on the growth and development of our employees will benefit the overall growth of Zixin Group.

During FY2024, we continued to organise company retreats and teambuilding activities for employees, as well as conduct interactive meetings with our employees to gain insights into the operational situations they face, as we improve our manufacturing towards automation and plan to expand 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 FY2024

- Achieved targets set for FY2024.
- Achieved 100% performance evaluation for all employees.
- Conducted 14 employees' interactive meetings in FY2024, an increase from 12 in FY2023.

Targets for FY2025

- 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

Zixin Group remains committed to maintaining food safety and high-quality standards for our fresh and processed sweet potato products and biotech solutions, which are critical to our Company's reputation and consumer experience.

We believe food safety begins at its source, and in order to be assured of consistent, high-quality fresh and processed sweet potato products, we emphasise our upstream business — cultivation and supply. Over the years, we have utilised science and technology to improve the sweet potato varieties, cultivating our own sweet potato seedlings and sharing farming solutions with our contracted farmlands to improve the quality of sweet potatoes and their harvest yield.

With the front-end of our post-harvest activities, which include washing, sorting, packaging, and storing, outsourced to the smart warehouses operated by a third-party operator, we expect more consumers will be able to sample our high-quality and nutritious fresh and processed sweet potato products.

Our sweet potato snack food manufacturing facility meets the requirements for Hazard Analysis and Critical Control Point ("**HACCP**") system accreditation. We have also scheduled regular food safety management training for our quality control employees in order to maintain knowledge and management of food safety concerns during the production process. We conduct regular audits of our operations to check management and performance relating to cleanliness, sanitation, and housekeeping to assure the quality of our sweet potato processed products.

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

Zixin Group is committed to maintaining a track record of zero occurrences of non-compliance with food production management controls and procedures, as well as zero food safety incidents, in the short, medium, and long term.

Performance in FY2024
- Achieved targets set for FY2024.
- Recorded no incident of non-compliance with management control and procedures relating to food safety during production process.
- Maintained track record of zero food safety incidents.
-

Targets for FY2025
- Continue to schedule regular food safety management training to endure employees maintain knowledge of food safety concerns.
- Continue to monitor and update the adequacy of the management controls and procedures relating to food safety during production process.
- To maintain track record of zero food safety incidents.

SUSTAINABILITY REPORT

Regulatory Compliance

GRI 2-27

Zixin Group complies with applicable environmental, food safety, social, and economic laws and regulations through internal checks and balances, as well as regular reporting and updates to the relevant authorities and agencies. We are committed to performing beyond compliance standards and legislative obligations, especially in terms of environmental responsibility, which is crucial for agricultural businesses.

We have implemented internal policies and practices that are aligned with the national environmental standards, with the goal of protecting the environment, reducing carbon emissions, preventing pollution, and minimising waste in our daily business operations. We have also met Fujian Province's wastewater emission standards by using the centralised wastewater treatment facility managed by the Liancheng County government.

We will continue to emphasise the importance of observing high standards of corporate governance and 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 safeguard the interests of all our stakeholders in the short, medium, and long term.

Please refer to the Corporate Governance Report found on page 49 - 75 of this annual report.

Performance in FY2024

- Achieved targets set for FY2024.
- 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.
- Substantially complied with the principles and provisions set out in the Code of Corporate Governance 2018. Appropriate explanations have been provided in the relevant sections of the Corporate Governance Report where there are deviations from the Code.

Targets for FY2025

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

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 2023 to 31 March 2024 ("**FY2024**") 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 8
	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 - 7 AR – Operations and Financial Review, page 17 - 20
	2-7: Employees	SR – Employment, Diversity and Equal Opportunity, page 38 - 40
	2-9: Governance structure and composition	SR – Sustainability Governance, page 26 - 27 AR – Board of Directors, page 21 - 23 AR – Corporate Governance, page 49 - 75
	2-27: Compliance with laws and regulations	SR – Regulatory Compliance, page 44
	2-29: Approach to stakeholder engagement	SR – Stakeholder Engagement, page 27 - 29
GRI 3: Material Topics (2021)	3-1: Process to determine material topics	SR – Materiality Assessment, page 30
	3-2: List of material topics	SR – Materiality Assessment, page 30
	3-3: Management of material topics	SR – Materiality Assessment, page 30
GRI 201: Economic Performance	201-1: Direct economic value generated and distributed	SR – Economic Performance, page 31
	Research and Development	SR – Research and Development, page 32 - 33
	Climate-related Risks and Opportunities	SR – Climate-related Risks and Opportunities, page 33
GRI 204: Procurement Practices 2016	204-1: Proportion of spending on local suppliers	SR – Suppliers and Business Partners, page 34
GRI 302: Energy 2016	302-1, 302-2: Energy Consumption	SR – Resource Efficiency, page 35 - 36
GRI 303: Water and Effluents (2018)	303-3, 303-5: Water Consumption	SR – Resource Efficiency, page 35 - 36

GRI Standards	Disclosure	Reference
GRI 305: Emissions 2016	305-1: Direct (Scope 1) GHG emissions	SR – Resource Efficiency, page 35 - 36
	305-2: Energy Indirect (Scope 2) GHG emissions	SR – Resource Efficiency, page 35 - 36
	305-4: GHG emissions intensity	SR – Resource Efficiency, page 35 - 36
GRI 306: Waste 2020	306-3: Waste generated	SR – Waste, page 37 - 38
GRI 401: Employment 2016	401-1: New employee hires and employee turnover	SR – Employment, Diversity and Equal Opportunity, page 38 - 40
GRI 403: Occupational Health and Safety 2018	403-1: Occupational health and safety management system	SR – Occupational Health and Safety, page 40 - 41
	403-5: Worker training on occupational health and safety	SR – Occupational Health and Safety, page 40 - 41
	403-9: Work related injuries	SR – Occupational Health and Safety, page 40 - 41
GRI 404: Training & Education 2016	404-1: Average hours of training per year per employee	SR – Training and Advancement, page 41 - 42
	404-3: Percentage of employees receiving regular performance and career development reviews	SR – Performance Appraisal, page 42
GRI 405: Diversity and equal opportunity 2016	405-1: Diversity of governance bodies and employees	SR – Employment, Diversity and Equal Opportunity, page 38 - 40
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 43

SUSTAINABILITY REPORT

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 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 of 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 SR – Economic Performance, Climate-related Risks and Opportunities, page 33
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 progressing towards understanding climate-related risks and opportunities that are critical to the Group's business sustainability. The Sustainability Committee endeavours to set up the process in identifying and assessing climate-related risks and opportunities that are critical to the sustainability of the Group's business post-FY2024.	-
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Zixin Group is adopting a phased approach towards managing climate-related risks. Identifying the impact of climate-related risks and opportunities on the Group's business, strategy and financial planning will be carried out post-FY2024.	-
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 phased approach towards managing climate-related risks. Scenario analysis will be carried out post-FY2024.	-

TCFD Recommendations	Disclosure	Reference
RISK MANAGEMENT		
Describe the organisation's processes for identifying and assessing climate-related risks.	During FY2024, the management team conducted a preliminary discussion internally with the Sustainability Committee, who are key management executives from various departments across Zixin Group, to understand climate-related risks and opportunities. We endeavour to hold more discussions during FY2025 to establish the process in identifying and assessing potential risks and/or opportunities that are critical to the Group's business sustainability.	SR – Economic, Climate-related Risks and Opportunities, page 33
Describe the organisation's processes for managing climate-related risks.	Zixin Group is adopting a progressive strategy towards managing climate-related risks. The Sustainability Committee is in the process of determining the potential climate-related risks and/or opportunities, and will seek to address them post-FY2024.	–
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-FY2024.	–
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 consumption	SR – Environmental, Resource Efficiency, page 35
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 FY2024 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 – Environmental, Resource Efficiency, page 35
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-FY2024.	–

CORPORATE GOVERNANCE **REPORT**

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

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

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

I. BOARD MATTERS

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS

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

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

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

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

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

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

CORPORATE GOVERNANCE **REPORT**

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

(a) reviewing and approving key business and financial strategies (taking into consideration sustainability issues) and objectives of the Group;

(b) reviewing and approving major corporate transactions (such as financial restructuring and share issuance);

(c) reviewing and approving annual budgets of the Group, major transactions, including acquisitions, divestments, investments and capital expenditure;

(d) reviewing and approving the annual report and audited financial statements of the Group;

(e) reviewing and approving the unaudited financial results of the Group, including the half-yearly and full-year results announcements;

(f) reviewing and approving the nomination of Board members and the appointment of key management personnel;

(g) reviewing the performance of Management and to provide guidance to Management (where necessary);

(h) ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;

(i) ensuring that the Group has adequate internal controls, risk management, financial reporting and compliance as well as evaluating the same;

(j) ensuring the Group's compliance with laws, regulations, policies, directives and guidelines;

(k) establishing and maintaining the Company's values and standards and ensuring obligations to shareholders and others are understood and met;

(l) establishing and maintaining an ethical corporate culture that is reflective of the Company's values, standards, policies and practices and encouraging adherence to the Group's internal code of conduct;

(m) overseeing risk management strategies of the Group; and

(n) ensuring accurate, adequate and timely reporting to, and communication with shareholders and other key stakeholder groups.

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

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

CORPORATE GOVERNANCE **REPORT**

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

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

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

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

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

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

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

* By invitation.

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

CORPORATE GOVERNANCE **REPORT**

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

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

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

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

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

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

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

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

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

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE **REPORT**

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

(a) leading the Board, ensuring its effectiveness in all aspects of its role, and setting out its agenda;

(b) ensuring that the Directors receive complete, adequate, accurate, timely and clear information;

(c) critiquing key proposals by Management before they are presented to the Board;

(d) ensuring effective communication with shareholders;

(e) encouraging constructive relations between the Board and Management;

(f) facilitating the effective contribution of the Non-Executive and Independent Directors towards the Company;

(g) encouraging constructive relations between the Executive Directors and Non-Executive and Independent Directors; and

(h) promoting high standards of corporate governance.

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

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

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

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

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

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

PRINCIPLE 4: BOARD MEMBERSHIP

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

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

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

(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 Independent Director
(c)	Lawrence Chen Tse Chau (Chen Shichao) *(appointed as a member on 26 October 2020)*	Non-Executive and Lead Independent Director

The NC is responsible for the following:

(a) reviewing succession plans for the Executive Chairman, Executive Director and the key management personnel (including the CEO);

(b) reviewing, assessing, making recommendations to the Board on all board appointments, including re-nominations, through a formal and transparent process which takes into account the director's contribution and performance (for example, attendance, preparedness, participation and candour);

(c) determining annually whether or not a director is independent based on the Independence Criteria;

(d) reviewing and approving any new employment of related persons and the proposed terms of their employment;

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

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

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

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

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

(a) a Board performance evaluation checklist which covers several parameters such as Board composition, conduct of meetings, Board process, Board accountability, risk management and internal control, measuring and monitoring performance as well as communication with Shareholders;

(b) the respective performance evaluation checklists for the AC, NC, and RC which covers several parameters such as the composition of the respective Board Committees, conduct of meetings, the processes of the respective Board Committees, accountability in the respective Board Committees, measuring and monitoring performance as well as communication with the Board; and

(c) an individual Director performance evaluation checklist which covers several parameters such as the Director's interactive skills, industry knowledge, contribution and workload requirements, sense of independence and preparation at the Board and Board Committees meetings.

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

(a) the Board Committees and the Board have consistently performed well and effectively; and

(b) each individual Director has discharged his or her roles and responsibilities effectively and has contributed towards the effectiveness of the Board for the financial year.

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

II. REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

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

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

(a)	Ng Poh Khoon (Chairman) *(appointed as a member on 31 May 2018 and redesignated as the Chairman on 8 September 2023)*	Non-Executive and Independent Director
(b)	Lawrence Chen Tse Chau (Chen Shichao) *(appointed as the Chairman on 26 October 2020 and redesignated as a member on 8 September 2023)*	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 ("**Zixin ESOS**") and the Zixin Performance Share Plan ("**Zixin PSP**") (collectively referred to as the "**Schemes**") and shall have all the power as set out in the Schemes;

d) carrying out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time;

(e) ensuring that all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered;

(f) that the remuneration packages should be comparable within the industry and to comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing the performance of individual Directors and key management personnel;

(g) the remuneration packages of employees related to Executive Directors, CEO (if CEO is not a Director) and substantial or controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility; and

(h) to ensure that contracts of service contain fair and reasonable termination clauses in the event of termination of the Executive Directors and key management personnel.

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

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

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

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

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

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 Director and the key management personnel primarily comprise a basic salary component and a variable component (which is inclusive of bonuses and other benefits).

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

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

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

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

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

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

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

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

Notes:

(1) Salary and performance-based bonus include employer's contributions to the Central Provident Fund.

(2) Other benefits, where applicable, include granting of share options under the Zixin ESOS and granting of awards under the Zixin PSP.

(3) The Company has only two (2) key management personnel who are not directors or the CEO of the Company.

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

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

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	242,622,600 ordinary shares [(1)] (15.27%)

Note:

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

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

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

Further details of the Schemes are set out in the "Directors' Statement" section of this Annual Report.

III. ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

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

PRINCIPLE 10: AUDIT COMMITTEE

The Board has an AC which discharges its duties objectively.

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

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

(a)	Lawrence Chen Tse Chau (Chen Shichao) *(appointed as a member on 26 October 2020 and redesignated as Chairman on 8 September 2023)*	Non-Executive and Lead Independent Director
(b)	Xue Congyan *(appointed as a member on 8 August 2019)*	Non-Executive and Independent Director
(c)	Ng Poh Khoon *(appointed as the Chairman on 13 August 2018 and redesignated as a member on 8 September 2023)*	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 FY2024, the AC reviewed the half-yearly and full-year financial results, the quality and reliability of information prepared for inclusion in financial reports, policies and practices put in place by Management, results of the audits performed by internal and external auditors, and the register of interested person transactions. In addition, the AC also reviewed risk profiles and adequacy of the internal audit function, audit plans and scope, the effectiveness of the internal audit, and interviewed potential audit firms that were considered for appointment in place of RT LLP ("**RT**").

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) the financial records of the Group have been properly maintained and the financial statements for FY2024 give a true and fair view of the Group's operations and finances; and

(b) the risk management system and internal controls in place within the Group are adequate and effective in addressing the key financial, operational, compliance and information technology risks in the Group.

CORPORATE GOVERNANCE **REPORT**

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

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

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

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

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

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

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

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

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

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

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

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

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

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

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

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

(a) annual reports that are issued to all shareholders;

(b) half-yearly financial results containing a summary of the financial information and affairs of the Group;

(c) timely announcements and disclosures made pursuant to the Catalist Rules;

(d) notices of general meetings; and

(e) circulars or letters to shareholders to provide the shareholders with more information on its major transactions which require shareholders' approval.

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

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

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

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

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

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

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

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

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

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

CORPORATE GOVERNANCE **REPORT**

OTHER CORPORATE GOVERNANCE MATTERS

DEALING IN THE COMPANY'S SECURITIES

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

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

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

MATERIAL CONTRACTS

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

INTERESTED PERSON TRANSACTIONS

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

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

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

NON-SPONSOR FEES

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

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

SUSTAINABILITY REPORTING

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

USE OF PROCEEDS FROM PLACEMENT

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

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

USE OF PROCEEDS FROM RIGHTS CUM WARRANTS ISSUE

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

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

Note:

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

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

DIRECTORS' STATEMENT

For the financial year ended 31 March 2024

The directors of the Company hereby present the accompanying audited consolidated financial statements of Zixin Group Holdings 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 2024.

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 2024 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 in accordance with Singapore Financial Reporting Standards (International); 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 has, on the date of this statement, 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
Lawrence Chen Tse Chau (Chen Shichao)	Non-Executive and Lead Independent Director
Ng Poh Khoon	Non-Executive and Independent Director
Xue Congyan	Non-Executive and Independent Director

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 2024 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

The Zixin 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 Ng Poh Khoon, Mr Lawrence Chen Tse Chau (Chen Shichao) 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 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).

5. SHARE OPTIONS AND PERFORMANCE SHARES (CONT'D)

Zixin 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.

The Zixin 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 Employee Share Option Scheme (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 Ng Poh Khoon, Mr Lawrence Chen Tse Chau (Chen Shichao) 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/she 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.

5. SHARE OPTIONS AND PERFORMANCE SHARES (CONT'D)

Zixin Employee Share Option Scheme (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.

On 22 March 2024, the Company granted 61,000,000 share awards (the "Awards") under the Zixin Performance Share Plan to the senior management of the Company.

6. AUDIT COMMITTEE

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

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

DIRECTORS' STATEMENT

For the financial year ended 31 March 2024

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

12 July 2024

INDEPENDENT AUDITOR'S REPORT

To the members of Zixin Group Holdings Limited
For the financial year ended 31 March 2024

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Zixin Group Holdings 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 2024, 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 the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements 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 consolidated financial position of the Group and the financial position of the Company as at 31 March 2024 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 and the Company 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.

INDEPENDENT AUDITOR'S REPORT

To the members of Zixin Group Holdings Limited
For the financial year ended 31 March 2024

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 significance in our audit of the financial statements of the current financial 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 2024 is RMB 140,089,000.

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 2024, Dizhongbao made additional upfront payments of RMB 75,000,000 to one of the existing suppliers for purchase contracts entered during the previous financial years upon full utilization of upfront payments made.

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 the 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 financial 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 2024;
- 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 years; and
- Assessed the purchase prices entered into with the suppliers during the financial 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 a subsidiary

As stated in Note 16, the Company has investment in a subsidiary with carrying amount of RMB 803,636,000 (before impairment loss) as at 31 March 2024.

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 has reversed the impairment loss of RMB 284,000,000 on its investment in a subsidiary as the VIU (recoverable amount) is higher than the book value.

Following this reversal of impairment loss, the Company's investment in a subsidiary amounted to RMB 803,636,000, which represent approximately 88% of the Company's total assets.

The significant judgment, assumptions and estimates, including the basis, used for the assessment of the recoverable amount of investment in a subsidiary are disclosed in Note 16A to the financial statements.

We consider the audit of investment in a subsidiary to be a key audit matter due to the significant management judgments and estimations involved.

Our audit focused on evaluating the key assumptions, judgments 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, judgments 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)

Other information

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

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 and the Company's ability to continue as going concerns, 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 the Company or to cease operations, or has no realistic alternative but to do so.

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

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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditor's responsibilities for the audit of the financial statements (Cont'd)

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 and the Company'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 and the Company's ability to continue as going concerns. 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 or the Company 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.

INDEPENDENT
AUDITOR'S REPORT

To the members of Zixin Group Holdings Limited
For the financial year ended 31 March 2024

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 corporations 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, 12 July 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER **COMPREHENSIVE INCOME**

For the financial year ended 31 March 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	318,447	219,600
Cost of sales		(216,576)	(160,381)
Gross profit		101,871	59,219
Finance income	6	727	933
Other income	7	974	632
Marketing and distribution costs	8	(34,409)	(30,804)
Administrative expenses	9	(42,535)	(35,746)
Other losses	10	(2,456)	(1,599)
Other operating expenses		(384)	(194)
Finance costs	6	(2,323)	(1,869)
Profit/(Loss) before income tax		21,465	(9,428)
Income tax expenses	12	(8,111)	(4,762)
Profit/(Loss) for the year, net of tax		13,354	(14,190)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		657	106
Total comprehensive income/(loss) for the year		14,011	(14,084)
		RMB cents	**RMB cents**
Earnings/(Loss) per share			
Basic and diluted earnings/(loss) per share	13	0.97	(1.03)

The accompanying notes form an integral part of these financial statements

STATEMENTS OF **FINANCIAL POSITION**

As at 31 March 2024

	Notes	Group 2024 RMB'000	Group 2023 RMB'000	Company 2024 RMB'000	Company 2023 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	175,744	142,228	–	–
Intangible assets	15	69,442	75,284	–	–
Investments in subsidiaries	16	–	–	803,636	519,636
Investment in unquoted shares	17	900	–	–	–
Other assets, non-current	18	91,279	82,664	–	–
Deferred tax assets	12	–	1,471	–	–
Total non-current assets		337,365	301,647	803,636	519,636
Current assets					
Inventories	19	2,652	1,963	–	–
Trade and other receivables	20	53,789	21,945	106,238	102,943
Other assets, current	18	62,871	56,225	450	129
Cash and bank balances	21	156,151	205,496	7	6,074
Total current assets		275,463	285,629	106,695	109,146
Total assets		612,828	587,276	910,331	628,782
EQUITY AND LIABILITIES					
Equity					
Share capital	22	239,150	239,150	938,574	938,574
Retained earnings/(accumulated losses)		226,604	214,616	(88,692)	(364,607)
Other reserves	23	48,178	46,155	54,819	50,970
Total equity		513,932	499,921	904,701	624,937
Non-current liabilities					
Other payables, non-current	24	6,466	2,740	–	–
Lease liability, non-current		33	246	–	–
Total non-current liabilities		6,499	2,986	–	–
Current liabilities					
Income tax payable		2,300	–	–	–
Trade and other payables	24	31,372	37,071	5,630	3,845
Lease liability, current		225	198	–	–
Bank loans	25	58,500	47,100	–	–
Total current liabilities		92,397	84,369	5,630	3,845
Total liabilities		98,896	87,355	5,630	3,845
Total equity and liabilities		612,828	587,276	910,331	628,782

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 March 2024

Group:	Share capital	Other reserves	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance at 1 April 2022	239,150	44,945	229,910	514,005
Total comprehensive loss for the year				
Loss for the year	–	–	(14,190)	(14,190)
Other comprehensive income for the year	–	106	–	106
Total comprehensive loss for the year	–	106	(14,190)	(14,084)
Transactions with owners, recognised directly in equity				
Transfer to statutory common reserve	–	1,104	(1,104)	–
Closing balance at 31 March 2023	239,150	46,155	214,616	499,921
Opening balance at 1 April 2023	239,150	46,155	214,616	499,921
Total comprehensive income for the year				
Profit for the year	–	–	13,354	13,354
Other comprehensive income for the year	–	657	–	657
Total comprehensive income for the year	–	657	13,354	14,011
Transactions with owners, recognised directly in equity				
Transfer to statutory common reserve	–	1,366	(1,366)	–
Closing balance at 31 March 2024	239,150	48,178	226,604	513,932

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 March 2024

Company:	Share capital	Other reserves	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance at 1 April 2022	938,574	40,778	(357,616)	621,736
Total comprehensive income for the year				
Loss for the year	–	–	(6,991)	(6,991)
Other comprehensive income for the year	–	10,192	–	10,192
Total comprehensive income for the year	–	10,192	(6,991)	3,201
Closing balance at 31 March 2023	938,574	50,970	(364,607)	624,937
Opening balance at 1 April 2023	938,574	50,970	(364,607)	624,937
Total comprehensive income for the year				
Profit for the year	–	–	275,915	275,915
Other comprehensive income for the year	–	3,849	–	3,849
Total comprehensive income for the year	–	3,849	275,915	279,764
Closing balance at 31 March 2024	938,574	54,819	(88,692)	904,701

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 March 2024

	2024 RMB'000	2023 RMB'000
Cash flows from operating activities		
Profit/(Loss) before income tax	21,465	(9,428)
Adjustments for:		
Interest income	(727)	(933)
Interest expense	2,323	1,869
Depreciation of property, plant and equipment	15,518	15,177
Property, plant and equipment written-off	849	281
Amortisation of intangible assets	5,294	1,824
Loss on disposal of property, plant and equipment	–	1,375
Provision for/(Reversal of) expected credit losses on trade receivables	158	(97)
Exchange differences on translation	657	106
Operating cash flows before changes in working capital	45,537	10,174
Changes in working capital:		
Inventories	(689)	476
Trade and other receivables	(32,002)	19,340
Other assets	59,739	42,382
Trade and other payables	(1,973)	4,499
Net cash flows generated from operations	70,612	76,871
Income taxes paid	(4,340)	(924)
Net cash flows generated from operating activities	66,272	75,947
Cash flows from investing activities		
Additions to property, plant and equipment	(49,335)	(33,044)
Proceed from disposal of property, plant and equipment	–	2,776
Additions of investment in unquoted shares	(900)	–
Payment for land lease	–	(23,281)
Upfront payment for supplies of sweet potatoes	(75,000)	(24,612)
Interest income received	727	933
Net cash flows used in investing activities	(124,508)	(56,723)
Cash flows from financing activities		
Proceeds from new bank loans	58,500	64,600
Repayment of bank loans	(47,100)	(53,300)
Payment of lease liability	(186)	(160)
Interest paid	(2,323)	(1,869)
Net cash flows generated from financing activities	8,891	9,271
Net (decrease)/increase in cash and cash equivalents	(49,345)	7,990
Cash and cash equivalents, beginning balance	205,496	197,506
Cash and cash equivalents, ending balance (Note 21)	156,151	205,496

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 March 2024

Reconciliation of liabilities arising from financing activities:

		Non-cash changes				
	As at 1 April 2023	Acquisition	Accretion of interests	Other	Financing cash flows	As at 31 March 2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank Loans (Note 25)	47,100	–	2,305	–	9,095	58,500
Lease Liability	444	–	18	–	(204)	258
	47,544	–	2,323	–	8,891	58,758

		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 25)	35,800	–	1,866	–	9,434	47,100
Lease Liability	160	444	3	–	(163)	444
	35,960	444	1,869	–	9,271	47,544

The accompanying notes form an integral part of these financial statements.

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 (the "Company") is a limited liability company incorporated in Singapore. The Company is listed on the Catalist of the Singapore Exchange Securities Trading Limited (the "Singapore Exchange").

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 2024 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 2024 were approved and authorised for issue by the Board of Directors on the date of the 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 judgment 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 judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2B.

New and revised standards

The accounting policies adopted are consistent with those of the previous financial year except those effective on 1 April 2023, 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) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*
Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

1. GENERAL (CONT'D)

1.2 Accounting Convention (cont'd)

Basis of presentation (cont'd)

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: *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to SFRS(I) 1-1: *Non-current liabilities with Covenants*	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7: *Supplier Finance Arrangements*	1 January 2024
Amendments to SFRS(I) 1-21: *Lack of Exchangeability*	1 January 2025

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.

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. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

2A. Material 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 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.

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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2A. Material accounting policies (cont'd)

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.

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 each end of the reporting year, a revision is made of 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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2A. Material accounting policies (cont'd)

Share-based compensation (cont'd)

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 completed.

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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2A. Material accounting policies (cont'd)

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 each end of the 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.

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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2A. Material accounting policies (cont'd)

Intangible assets (cont'd)

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.

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.

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. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2A. Material 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

Classification and measurement

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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2A. Material accounting policies (cont'd)

Financial assets (Cont'd)

At initial recognition

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.

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 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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2A. Material accounting policies (cont'd)

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.

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. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2A. Material 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. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2A. Material 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.

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. SUMMARY OF MATERIAL ACCOUNTING POLICY 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 judgment 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 26D.

(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 the reporting date are disclosed in Note 16.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

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

(d) Intangible assets:

An assessment is performed as at the reporting date whether there is any indication that the assets may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the assets. 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.

(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	
	2024	2023
	RMB'000	RMB'000
Salaries and other short-term employee benefits	3,259	3,136
Contributions to defined benefits plans	75	101

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

	Group	
	2024	2023
	RMB'000	RMB'000
Remuneration of directors	1,966	1,740

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 to related parties

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

	Group and Company	
	2024	2023
	RMB'000	RMB'000
Director/shareholder:		
Balance at beginning of the year	1,004	2,233
Repayments	(1,918)	(3,415)
Net payment on behalf of the Company/(Director)	288	(307)
Salary payables	1,663	2,583
Foreign exchange differences	(6)	(90)
Balance at end of the year (Note 24)	1,031	1,004

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	
	2024	2023
	RMB'000	RMB'000
Revenue:		
Sweet potato processed products	260,348	187,477
Sweet potatoes	58,099	32,123
	318,447	219,600
Timing of transfer of goods or service:		
At a point in time	318,447	219,600

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 recognised 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 received 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	
	2024	2023
	RMB'000	RMB'000
Finance income:		
Interest income from banks	727	933
Finance expense:		
Bank loans	2,305	1,866
Lease liabilities	18	3
	2,323	1,869

7. OTHER INCOME

	Group	
	2024	2023
	RMB'000	RMB'000
Brand licensing income	160	160
Other income	251	63
Sales of excess in-house cultivated sweet potato seedlings	563	312
Reversal of expected credit losses of trade receivables	–	97
	974	632

8. MARKETING AND DISTRIBUTION COSTS

The major components include the following:

	Group	
	2024	2023
	RMB'000	RMB'000
Advertisement cost	12,660	15,785
Delivery charges	3,994	2,934
Employee benefits expense (Note 11)	4,725	5,649
Operating expenses	6,706	1,777
Publicity expenses	4,284	2,615

9. ADMINISTRATIVE EXPENSES

The major components include the following:

	Group	
	2024	2023
	RMB'000	RMB'000
Amortisation of intangible assets (Note 15)	5,294	1,824
Depreciation of property, plant and equipment (Note 14)	11,030	10,898
Employee benefits expense (Note 11)	8,020	7,640
Research and development expenses	6,351	4,185
Seedlings nursery fees	1,813	1,956

10. OTHER LOSSES

	Group	
	2024	2023
	RMB'000	RMB'000
Donation expenses	1,500	–
Loss on disposal of property, plant and equipment	–	1,375
Others	107	202
Property, plant and equipment written-off	849	22
	2,456	1,599

11. EMPLOYEE BENEFITS EXPENSE

	Group	
	2024	2023
	RMB'000	RMB'000
Salaries, bonuses and other employees' benefits	26,138	26,425
Contributions to defined contribution plans	3,901	4,671
Other benefits	1,968	1,333
	32,007	32,429
The employee benefits expenses are charged as follows:		
Cost of sales	19,262	19,140
Marketing and distribution costs (Note 8)	4,725	5,649
Administrative expenses (Note 9)	8,020	7,640
	32,007	32,429

12. INCOME TAX EXPENSE

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

	Group	
	2024	2023
	RMB'000	RMB'000
Current tax expense:		
Current year	5,542	2,452
Under/(Over) provision in prior financial year	1,098	(1,660)
	6,640	792
Deferred income tax – net debit to profit or loss	1,471	3,970
Total income tax expense	8,111	4,762

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% (2023: 25%) to profit/(loss) before income tax as a result of the following differences:

	Group	
	2024	2023
	RMB'000	RMB'000
Profit/(Loss) before income tax	21,465	(9,428)
Income tax expenses/(credit) at the above rate	5,366	(2,357)
Effect of different tax rates in different countries	58	629
Tax exempted income	(995)	–
Non-deductible items	1,113	4,180
Under/(Over) provision of current tax in prior financial year	1,098	(1,660)
Utilisation of tax losses recognised as deferred tax assets/Reversal of deferred tax assets recognised in prior financial year	1,471	3,970
Total income tax expense	8,111	4,762

12. INCOME TAX EXPENSE (CONT'D)

12A. Components of income tax expense recognised in profit or loss (cont'd)

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

The amount of income tax payable outstanding as at the reporting date was RMB 2,300,000 (2023: RMB Nil). 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.

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

	Group	
	2024	2023
	RMB'000	RMB'000
Unutilised tax losses of Fujian Zixin Biological Potato Co., Ltd. and Fujian Zilaohu Food Co., Ltd.	–	1,471
Unutilised tax losses	–	5,884

The Group does not have income tax losses (2023: RMB 5,884,000) at the end of financial year which can be carried forward and used to offset against future taxable income of 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. As at 31 March 2023, 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	
	2024	2023
	RMB'000	RMB'000
Balance at beginning of the financial year	1,471	5,441
Reversal of deferred tax assets recognised in prior financial year	–	(3,970)
Utilisation of tax losses recognised as deferred tax assets	(1,471)	–
Balance at end of the financial year	–	1,471

13. EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share is calculated based on the consolidated profit/(loss) attributable to owners of the Company divided by the weighted average number of shares in issue of 1,383,818,100 (2023: 1,383,818,100) 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 earnings/(loss) per share:

	Group	
	2024	2023
	RMB'000	RMB'000
Basic earnings/(loss) per share		
Earnings/(Loss), net of tax attributable to owners of the Company	13,354	(14,190)
Weighted average number of ordinary shares in issue ('000)	1,383,818	1,383,818
Basic earnings/(loss) per share (RMB cents)	0.97	(1.03)

As the Company does not have dilutive potential ordinary shares, the earnings/(loss) per share and diluted earnings/(loss) per share for FY2024 are thus RMB 0.97 cents (2023: RMB (1.03) 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 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
Additions	–	31,113	–	32	–	–	18,738	49,883
Written off	–	–	–	(283)	(1,098)	–	–	(1,381)
Reclassification	56,192	–	–	–	–	–	(56,192)	–
At 31 March 2024	126,877	104,336	1,031	28,146	391	272	15,680	276,733
Accumulated depreciation:								
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
Depreciation for the year	2,421	10,948	141	1,892	116	–	–	15,518
Written off	–	–	–	(166)	(366)	–	–	(532)
At 31 March 2024	22,383	64,256	851	12,893	348	258	–	100,989
Carrying amount:								
At 31 March 2023	50,723	19,915	321	17,230	891	14	53,134	142,228
At 31 March 2024	104,494	40,080	180	15,253	43	14	15,680	175,744

(a) During 2021, Fujian Zixin Biological Potato Co., Ltd has commenced the first phase of construction of factory and costs incurred up to 31 March 2024 totalled RMB 56,192,000 had been completed and reclassed to leasehold buildings during the current financial year. The remaining amount of RMB 15,680,000 is designated for the second phase of construction, which is currently in progress. As at 31 March 2023, amount of costs incurred totalled RMB 53,134,000.

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

As at 31 March 2024, the leasehold building and construction work-in-progress of the Group with carrying amount of RMB 84,972,000 (2023: RMB 31,545,000) are mortgaged as securities for bank loans (See Note 25B).

Company:	**Leasehold buildings**
	RMB'000
Cost:	
At 1 April 2022	476
Termination of lease contract	(476)
At 31 March 2023 and 2024	–
Accumulated depreciation:	
At 1 April 2022	318
Depreciation for the year	–
Termination of lease contract	(318)
At 31 March 2023 and 2024	–
Carrying amount:	
At 31 March 2023 and 2024	–

The depreciation expense is charged as follows:

	Group	
	2024	**2023**
	RMB'000	**RMB'000**
Cost of sales	3,924	3,712
Marketing and distribution costs (Note 8)	564	567
Administrative expenses (Note 9)	11,030	10,898
	15,518	15,177

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.

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

	Group	
	2024	2023
	RMB'000	RMB'000
Leasehold buildings		
At 1 April	50,723	52,183
Additions	–	904
Depreciation	(2,421)	(2,206)
Reclassification	56,192	–
Termination of lease contract	–	(158)
At 31 March	104,494	50,723

(b) Lease liability

The carrying amounts of lease liability are presented separately in the statements of financial position and the movements during the financial 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 Note 26E.

(c) Total cash outflow

Total cash outflow for all the leases in financial year 2024 was RMB 186,000. (2023: RMB 160,000).

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 1 April 2022	42,215	2,762	338	12,822	58,137
Additional	40,040	–	–	–	40,040
At 31 March 2023 and 2024	82,255	2,762	338	12,822	98,177
Accumulated amortisation:					
At 1 April 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
Amortisation for the year	5,668	174	–	–	5,842
At 31 March 2024	13,685	1,890	338	10,257	26,170
Accumulated impairment:					
At 1 April 2022, 31 March 2023 and 2024	–	–	–	2,565	2,565
Carrying amount:					
At 31 March 2023	74,238	1,046	–	–	75,284
At 31 March 2024	68,570	872	–	–	69,442

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 2024, the right of use assets of the Group for a parcel of land with carrying amount of RMB 28,850,000 (2023: RMB 29,557,000) is mortgaged for bank loan (See Note 25B).

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	
	2024	2023
	RMB'000	RMB'000
Unquoted equity shares, at cost	803,636	803,636
Impairment loss	–	(284,000)
	803,636	519,636

The subsidiaries held by the Company are listed below:

Names of subsidiaries, country of incorporation, place of operations and principal activities	Cost		Effective equity held	
	2024	2023	2024	2023
	RMB'000	RMB'000	%	%
Held through the Company:				
Zixin International Pte Ltd [(a)] 紫心国际私人有限公司 Singapore Investment holdings	803,636	803,636	100	100
Held through Zixin International Pte Ltd:				
Zixin Enterprise (Singapore) Pte. Ltd. [(a)] 紫心企业(新加坡)私人有限公司 Singapore Wholesale trading and distribution			100	100
Fujian Zixin Biotechnological 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.:				
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

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The subsidiaries held by the Company are listed below (cont'd):

Names of subsidiaries, country of incorporation, place of operations and principal activities	Cost		Effective equity held	
	2024 RMB'000	2023 RMB'000	2024 %	2023 %
Fujian Zixin Fungal Biotechnology Co., Ltd. [(b)] 福建紫草生物科技有限公司 People's Republic of China Research, production and distribution of sweet potato related 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.

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 judgment 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 (2023: RMB 284,000,000) was recognised as at 31 March 2024 to write down the carrying amount to its recoverable amount. The cash flow projections are based on the terminal growth rate of 0.5% (2023: 1%) and pre-tax discount rate (WACC) of 5.5% (2023: 6.5%).

16B. Sensitivity analysis

The key assumptions used in the value-in-use valuation is WACC at 5.5%.

Had the actual results varied from WACC of 5.5%, 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 management's assumption	976,504	–
1% lower than management's assumption	1,446,603	–

17. INVESTMENT IN UNQUOTED SHARES

Investment measured at fair value through other comprehensive income:

	Group	
	2024	2023
	RMB'000	RMB'000
Unquoted equity shares, at fair value		
Beginning of the year	–	–
Additions during the year	900	–
End of the year	900	–

The investment held by the Group are listed below:

Names of subsidiaries, country of incorporation, place of operations and principal activities	Cost		Effective equity held	
	2024	2023	2024	2023
	RMB'000	RMB'000	%	%
Held through Fujian Zixin Biotechnological Potato Co., Ltd.:				
Hainan Xinwei Land Development Co., Ltd 海南省信维全域土地投资开发有限公司 China	900	–	3	–

The Group designated the investment above as equity investments at FVOCI because this equity investment represent investment that the Group intends to hold for the long-term for strategic purposes.

Fair value of the investment as at 31 March 2024 was estimated based on the acquisition price of the above 3% stake as the acquisition was from a third party and took place close to the end of the reporting period. The investment is classified as level 3 in the fair value hierarchy. No such investment was held as at 31 March 2023.

There was no dividend income recognised from the investment during the financial year ended 31 March 2024. No strategic investment was disposed of during the financial year ended 31 March 2024, and there were no transfers of any cumulative gain or loss within equity related to this investment.

18. OTHER ASSETS

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Upfront payments	3,752	2,670	–	129
Upfront payments for supplies of sweet potatoes (Note A)	140,089	117,700	–	–
Deferred expenses	4,835	14,719	450	–
Others	5,474	3,800	–	–
	154,150	138,889	450	129
Presented in the statements of financial position as:				
Other assets, non-current	91,279	82,664	–	–
Other assets, current	62,871	56,225	450	129
	154,150	138,889	450	129

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.

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.

Movement of the upfront payment for supplies of sweet potatoes is as follows:

	Group	
	2024	2023
	RMB'000	RMB'000
At the beginning of financial year	117,700	130,690
Purchases made during the year	(52,611)	(37,602)
Additional upfront payments during the year	75,000	24,612
At the end of financial year	140,089	117,700

19. INVENTORIES

	Group	
	2024	2023
	RMB'000	RMB'000
Finished goods	133	–
Work-in-progress	–	122
Raw materials	2,519	1,841
	2,652	1,963
Changes in inventories	689	(476)
The amounts of inventories included in cost of goods sold	203,099	152,480

There were no inventories pledged as security for liabilities.

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables:				
Third parties	53,022	21,010	–	–
Less: Expected credit losses on trade receivables	(278)	(120)	–	–
	52,744	20,890	–	–
Other receivables:				
Subsidiaries	–	–	106,236	102,941
Third parties	1,043	996	–	–
Refundable deposits	2	59	2	2
	1,045	1,055	106,238	102,943
Total trade and other receivables	53,789	21,945	106,238	102,943

The Group and the Company's exposure to credit and impairment losses for trade and other receivables, are disclosed in Note 26D.

20. TRADE AND OTHER RECEIVABLES (CONT'D)

Movement in the expected credit losses of trade receivables:

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Expected credit losses:				
At the beginning of financial year	120	217	–	–
Provision/(Reversal)	158	(97)	–	–
At the end of financial year	278	120	–	–

21. CASH AND BANK BALANCES

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Cash on hand	13	13	–	–
Cash at bank	156,047	205,328	7	6,074
Others	91	155	–	–
Cash and bank balances	156,151	205,496	7	6,074

Cash at bank bears weighted average effective interest rate of 0.30% (2023: 0.30%) per annum during the financial year.

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Singapore dollar	28	6,982	7	6,074
Renminbi	156,123	198,514	–	–
	156,151	205,496	7	6,074

22. SHARE CAPITAL

	Group		Company	
	Number of shares issued '000	Share capital RMB'000	Number of shares issued '000	Share capital RMB'000
Ordinary shares:				
Balance at 1 April 2022, 31 March 2023 and 2024	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.

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 2024 and 31 March 2023 exceeded its borrowings 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.

22A. Zixin Employee Share Option

Zixin 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.

22. SHARE CAPITAL (CONT'D)

22A. Zixin Employee Share Option (cont'd)

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 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.

22. SHARE CAPITAL (CONT'D)

22B. Zixin Performance Share Plan

The Zixin 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/she 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 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;

22. SHARE CAPITAL (CONT'D)

22B. Zixin Performance Share Plan (cont'd)

(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.

On 22 March 2024, the Company granted the Awards under the Zixin Performance Share Plan to the senior management of the Company.

23. OTHER RESERVES

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Statutory common reserve (Note 23A)	45,010	43,644	–	–
Foreign currency translation reserve (Note 23B)	3,168	2,511	54,819	50,970
	48,178	46,155	54,819	50,970

23A. Statutory common reserve

	Group	
	2024 RMB'000	2023 RMB'000
Balance at beginning of the financial year	43,644	42,540
Transferred from retained earnings	1,366	1,104
Balance at end of the financial year	45,010	43,644

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.

23. OTHER RESERVES (CONT'D)

23B. Foreign currency translation reserve

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at beginning of the year	2,511	2,405	50,970	40,778
Exchange differences on translating functional to presentation currency	657	106	3,849	10,192
Balance at end of the year	3,168	2,511	54,819	50,970

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.

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables:				
Third parties	24,245	10,073	–	–
Other payables:				
Third parties	12,562	28,734	3,594	2,304
Subsidiary	–	–	1,005	537
Director/shareholder (Note 3C)	1,031	1,004	1,031	1,004
Subtotal	13,593	29,738	5,630	3,845
Total trade and other payables	37,838	39,811	5,630	3,845
Presented in the statements of financial position as:				
Other payables, non-current	6,466	2,740	–	–
Trade and other payables	31,372	37,071	5,630	3,845
	37,838	39,811	5,630	3,845

25. BANK LOANS

	Group	
	2024 RMB'000	2023 RMB'000
Bank loans A (unsecured) (Note 25A)	14,500	13,100
Bank loans B (secured) (Note 25B)	44,000	34,000
	58,500	47,100

25A. Bank loans A (unsecured)

The bank loans are repayable within 12 months and renewable annually. The bank loans' fixed interest rates were 3.95% - 5.50% (2023: 4.35% - 5.50%) 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.

25B. Bank loans B (secured)

The bank loans are secured by mortgages of a leasehold building and land use rights of the Group (see Notes 14 and 15). The bank loans bear fixed interest rate at 3.21% - 4.00% (2023: 4.00%) per annum and are repayable within 12 months.

26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

26A. 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	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Financial assets:				
At FVOCI:-				
Investment in unquoted share	900	–	–	–
At amortised cost:-				
Cash and bank balances	156,151	205,496	7	6,074
Trade and other receivables	53,789	21,945	106,238	102,943
	209,940	227,441	106,245	109,017
Financial liabilities:				
At amortised cost:-				
Trade and other payables	37,838	39,811	5,630	3,845
Bank loans	58,500	47,100	–	–
	96,338	86,911	5,630	3,845

Further quantitative disclosures are included throughout these financial statements.

26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

26B. Fair values of financial instruments

The differences between the carrying values of financial instruments at amortised cost are not significantly different from their fair values due to the short-term maturity for majority of these instruments and the disclosures of fair value are not made when the carrying amount of financial instruments is a reasonable approximation of the fair value.

As at 31 March 2024, fair value of financial assets at FVOCI is estimated based on recent transaction price. No financial assets at FVOCI were held as at 31 March 2023.

26C. 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.

26D. 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.

26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

26D. Credit risk on financial assets (cont'd)

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.

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.

26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

26D. Credit risk on financial assets (cont'd)

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

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	Expected credit losses	Net carrying amount
				RMB'000	RMB'000	RMB'000
31 March 2024						
Trade receivables	20	N/A	Lifetime ECL (simplified)	53,022	(278)	52,744
Other receivables	20	I	12-month ECL	1,045	–	1,045
Cash and bank balances	21	I	12-month ECL	156,151	–	156,151
					(278)	
31 March 2023						
Trade receivables	20	N/A	Lifetime ECL (simplified)	21,010	(120)	20,890
Other receivables	20	I	12-month ECL	1,055	–	1,055
Cash and bank balances	21	I	12-month ECL	205,496	–	205,496
					(120)	

26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

26D. Credit risk on financial assets (cont'd)

The Company

	Note	Category	12-month or lifetime ECL	Gross carrying amount	Expected credit losses	Net carrying amount
				RMB'000	RMB'000	RMB'000
31 March 2024						
Other receivables	20	I	12-month ECL	106,238	–	106,238
Cash and bank balances	21	I	12-month ECL	7	–	7
					–	
31 March 2023						
Other receivables	20	I	12-month ECL	102,943	–	102,943
Cash and bank balances	21	I	12-month ECL	6,074	–	6,074
					–	

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.

Cash and bank balances

Cash and bank balances are placed with financial institutions with high credit-rating assigned by international credit rating agencies. Management monitors the credit ratings of the counterparties regularly. As a result of the above, cash and bank balances qualified for the low credit risk expedient and therefore, impairment of cash and bank balances has been measured based on 12-month ECL and determined that the ECL is insignificant.

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.

26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

26E. 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 liabilities by remaining contractual maturities

The table below analyses the maturity profile of the 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
2024				
Financial liabilities				
Trade and other payables	37,838	37,838	31,372	6,466
Bank loans	58,500	60,805	60,805	–
Lease liability	258	276	243	33
	96,596	98,919	92,420	6,499
2023				
Financial liabilities				
Trade and other payables	39,811	39,811	37,071	2,740
Bank loans	47,100	49,060	49,060	–
Lease liability	444	472	216	256
	87,355	89,343	86,347	2,996

The Company

	Carrying amount RMB'000	Contractual cash flows RMB'000	One year or less RMB'000	One to five years RMB'000
2024				
Financial liabilities				
Other payables	5,630	5,630	5,630	–
2023				
Financial liabilities				
Other payables	3,845	3,845	3,845	–

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.

26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

26F. 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.

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

	Group	
	2024	2023
	RMB'000	RMB'000
Financial assets:		
Cash and bank balances - Fixed rate	156,151	205,496
Financial liabilities:		
Bank loans - Fixed rate	58,500	47,100

26G. 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.

27. CAPITAL COMMITMENT

Capital expenditures contracted for at the reporting date but not recognised in the financial statements are as follows:

	Group	
	2024	2023
	RMB'000	RMB'000
Property, plant and equipment	2,931	–

28. EVENTS OCCURRING AFTER BALANCE SHEET DATE

Zixin Performance Share Plan

On 22 March 2024, the Company granted the Awards under the Zixin Performance Share Plan to the senior management of the Company.

The Awards vested on 30 April 2024 and the Company has issued and allotted 61,000,000 new ordinary shares in the capital of the Company to its senior management (the "New Shares").

The New Shares rank pari passu in all respects with the then existing ordinary shares of the Company. Following the issuance and allotment of the New Shares, the number of issued and paid-up shares in the capital of the Company increased from 1,383,818,100 to 1,444,818,100 ordinary shares.

Rights share and warrant shares

The Company has allotted 144,481,810 new ordinary shares in the capital of the Company (the "Rights Shares") at an issue price of S$0.0165 per Rights Shares and 577,927,240 free detachable warrants (the "Warrants") to successful subscribers on 21 June 2024 and 24 June 2024, respectively, on the basis of one (1) Rights Share for every ten (10) existing ordinary shares held by eligible shareholders and four (4) Warrants for every one (1) Rights Share subscribed and each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (each a "Warrant Share") at the exercise price of S$0.045 per Warrant Share.

Following the allotment and issuance of 144,481,810 Rights Shares, the total number of issued paid-up shares in the capital of the Company increased from 1,444,818,100 shares to 1,589,299,910 ordinary shares. The Company raised net proceeds of approximately S$2.1 million from the issue.

The Rights Shares and Warrant Shares (when issued upon the exercise of the Warrants) will, upon allotment and issuance, rank pari passu in all respects with the then existing issued ordinary shares and with each other for any dividends, rights, allotments or distributions that may be declared or paid, the record date for which falls on or after the date of allotment and issue of the Rights Shares or the Warrant Shares.

29. AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Group for the financial year ended 31 March 2024 were authorised for the issue in accordance with a resolution of directors on 12 July 2024.

STATISTICS OF **SHAREHOLDINGS**

As at 5 July 2024

Number of issued and paid-up shares	: 1,589,299,910 (excluding treasury shares and subsidiary holdings)
Class of shares	: Ordinary Shares
Voting rights	: One vote per share/No vote for treasury shares
No. and percentage of treasury shares	: Nil
No. and percentage of subsidiary holdings	: Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	12	1.56	550	0.00
100 - 1,000	32	4.16	14,300	0.00
1,001 - 10,000	75	9.74	372,275	0.02
10,001 - 1,000,000	578	75.06	115,383,625	7.26
1,000,001 AND ABOVE	73	9.48	1,473,529,160	92.72
TOTAL	**770**	**100.00**	**1,589,299,910**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	CGS INTL SECURITIES SINGAPORE PL	509,585,620	32.06
2	KGI SECURITIES (SINGAPORE) PTE. LTD	262,974,970	16.55
3	DBS NOMINEES (PRIVATE) LIMITED	167,012,110	10.51
4	PHILLIP SECURITIES PTE LTD	93,818,650	5.90
5	KHOO THOMAS CLIVE	80,280,000	5.05
6	DUANMU XIAOYI	50,000,000	3.15
7	LIN LIANGONG	43,000,000	2.71
8	LUO BAIXIONG	28,601,000	1.80
9	RAFFLES NOMINEES (PTE.) LIMITED	19,543,560	1.23
10	MAYBANK SECURITIES PTE. LTD.	19,522,000	1.23
11	LIU QIANLONG	16,000,900	1.01
12	OCBC SECURITIES PRIVATE LIMITED	11,942,250	0.75
13	CHUA ENG SIN	8,300,000	0.52
14	CHEN TIANYI	6,944,000	0.44
15	HO LOON MING	6,600,000	0.42
16	GOH GUAN SIONG (WU YUANXIANG)	6,457,100	0.41
17	GOH BING LUH	6,354,900	0.40
18	LI NAN	6,141,300	0.39
19	SHANE THAM FOOK WAI	6,000,000	0.38
20	ANG POON BENG	5,800,100	0.36
	TOTAL	**1,354,878,460**	**85.27**

STATISTICS OF **SHAREHOLDINGS**

As at 5 July 2024

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct interest	%[1][2]	Deemed interest	%[1][2]
Liang Chengwang[3]	–	–	242,622,600	15.27
PTS Capital Pte. Ltd.[4]	–	–	160,000,000	10.07
Yu Lei[5]	–	–	160,000,000	10.07

(1) Calculated based on 1,383,818,100 shares as at 5 July 2024.

(2) Rounded to the nearest two decimal places.

(3) Mr Liang Chengwang is deemed to be interested in 242,622,600 ordinary shares held by CGS International Securities Pte. Ltd..

(4) PTS Capital Pte. Ltd. is deemed to be interested in 160,000,000 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 5 July 2024, approximately 1,188,677,310 Shares, representing approximately 74.67% (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.

STATISTICS OF **WARRANTHOLDINGS**

As at 5 July 2024

DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 - 99	0	0.00	0	0.00
100 - 1,000	2	1.24	1,000	0.00
1,001 - 10,000	16	9.94	81,140	0.01
10,001 - 1,000,000	113	70.19	26,669,040	4.62
1,000,001 AND ABOVE	30	18.63	551,176,060	95.37
TOTAL	**161**	**100.00**	**577,927,240**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

No.	Name	No. of Shares	%
1	CGS INTL SECURITIES SINGAPORE PL	166,595,680	28.83
2	KGI SECURITIES (SINGAPORE) PTE. LTD	124,795,580	21.59
3	LIN LIANGONG	52,000,000	9.00
4	PHILLIP SECURITIES PTE LTD	46,519,600	8.05
5	LUO BAIXIONG	34,404,000	5.95
6	KHOO THOMAS CLIVE	32,260,000	5.58
7	LIU QIANLONG	24,003,600	4.15
8	MAYBANK SECURITIES PTE. LTD.	11,407,200	1.97
9	GOH GUAN SIONG (WU YUANXIANG)	5,984,400	1.04
10	TAN SONG HUAT	5,300,000	0.92
11	GOH BING LUH	5,220,000	0.90
12	RAFFLES NOMINEES (PTE.) LIMITED	5,165,240	0.89
13	CHUA ENG SIN	4,000,000	0.69
14	JEE MENG KWANG	3,510,400	0.61
15	HUANG YI	3,500,000	0.61
16	ONG SIEW CHIN ROGER	3,200,000	0.55
17	CHEN TIANYI	2,800,000	0.48
18	YEO KOK HIONG	2,600,000	0.45
19	HO LOON MING	2,400,000	0.42
20	CHUA LE JONG	2,000,000	0.35
	TOTAL	**537,665,700**	**93.03**

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 60 Cecil Street, the Institute of Singapore Chartered Accountants House, Room 4-3, Singapore 049709 on Tuesday, 30 July 2024 at 10:00 AM (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 2024 together with the Auditors' Report thereon. ***Resolution 1***

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

   [See Explanatory Note (i)]

3. To re-elect Mr Ng Poh Khoon 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 for the financial year ending 31 March 2025, payable half-yearly in arrears (FY2024: 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 be properly transacted at an AGM.

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, 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 the Listing Manual Section B: Rules of Catalist ("**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 and subsidiary holdings 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:

(a) offer and grant options ("**Options**") from time to time in accordance with the rules of the Zixin Employee Share Option Scheme (the "**Zixin ESOS**"); and

(b) 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 (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, 15 July 2024

NOTICE OF ANNUAL GENERAL MEETING

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

(i) Mr Liang Chengwang will, upon re-election, remain as the Executive Chairman and Chief Executive Officer of the Company.

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

(iii) Ordinary 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) Ordinary 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 60 Cecil Street, the Institute of Singapore Chartered Accountants House, Room 4-3, Singapore 049709 on Tuesday, 30 July 2024 at 10:00 AM (Singapore Time). 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 12:00 PM (Singapore Time) on 23 July 2024, being not less than 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 9:00 AM (Singapore Time) on 26 July 2024 (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) proxies 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 a 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(ies) 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 AM (Singapore Time) on 28 July 2024, 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 18 July 2024), 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 Request Form) 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 Request Form will be despatched to members, whereas printed copies of the Annual Report will not be despatched to members unless the relevant member submits the Request Form to the Company in accordance with the instructions set out therein. 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**

Zixin Group Holdings Limited

Mr Liang Chengwang and Mr Ng Poh Khoon are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 30 July 2024 ("**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	**Liang Chengwang**	**Ng Poh Khoon**
Date of Appointment	22 September 2015	31 May 2018
Date of last re-appointment	31 August 2021	31 March 2023
Age	47	57
Country of principal residence	China	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	The Board, having considered the recommendation of the Nominating Committee and having assessed the qualifications and experience of Mr Liang, is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as the Executive Chairman and Chief Executive Officer of the Company.	The Board, having considered the recommendation of the Nominating Committee, the matter set out in the explanatory note below, and assessed the qualifications and experience of Mr Ng Poh Khoon, is of the view that he has the requisite experience and capabilities to assume the duties and responsibilities as an Independent Director of the Company.
Whether the appointment is executive, and if so, the area of responsibility	Executive Mr Liang is responsible for the oversight and management of the Group's businesses and corporate developments, and to formulate the overall business and corporate strategies for the Group. Mr Liang supervises major financing plans and appointment of key executives.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Chief Executive Officer	Independent Director, Chairman of the Remuneration Committee, and member of the Audit and Nominating Committees.
Professional qualifications	• Bachelor of Accounting and Finance (Open University of Fujian)	• Diploma in Business Administration (Former National Productivity Board) • Association of Chartered Certified Accountants, UK (Singapore Accountancy Academy) • Associate member of the Institute of Singapore Chartered Accountants • Member of the Singapore Institute of Directors • Associate member of the International Compliance Association, United Kingdom

DISCLOSURE OF INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

Zixin Group Holdings Limited

Name	**Liang Chengwang**	**Ng Poh Khoon**
Working experience and occupation(s) during the past 10-years	July 2009 to present: Chairman and Chief Executive Officer of Fujian Zixin Biological Potato Co., Ltd	• November 2022 to present – Director of Nexusinnovest Pte. Ltd. • September 2021 to September 2022 – Finance Manager / Compliance Officer (Designated) of Ello Fintech Pte. Ltd. • November 2016 to December 2019 – Project Director of Guangdong Chengde Financial Advisory Co Ltd • July 2013 to September 2015 – Chief Financial Officer of Asia Fashion Holdings Limited • November 2012 to June 2013 – Director, IR of Youbisheng Green Paper AG • January 2012 to October 2012 – Director, Export Sales of Passion Group of Companies
Shareholding interest in the listed issuer and its subsidiaries	242,622,600 shares (15.27%)	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
Other Principal Commitments Including Directorships	None	• Director of Nexusinnovest Pte Ltd • Director of 67 Capital Private Limited
Past (for the last 5 years)	None	• Star Pharmaceutical Limited • Nutryfarm International Limited • Green Build Technology Limited
Present	• Zixin Group Holdings Limited • Zixin International Pte. Ltd. • Fujian Zixin Fungal Biotechnology Co., Ltd. • Liancheng Dizhongbao Modern Agriculture Development Co., Ltd. • Fujian Zilaohu Food Co., Ltd. • Fujian Zixin Biotechnological Potato Co., Ltd.	• Zixin Group Holdings Limited • Zixin International Pte. Ltd. • Regal International Group Ltd. • Nexusinnovest Pte Ltd • 67 Capital Private Limited • U Excellence Pte. Ltd.

DISCLOSURE OF INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

Zixin Group Holdings Limited

Name		**Liang Chengwang**	**Ng Poh Khoon**
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
(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

DISCLOSURE OF INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

Zixin Group Holdings Limited

Name		**Liang Chengwang**	**Ng Poh Khoon**
(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:–	No	No
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	Yes Please refer to the explanatory notes below in relation to NutryFarm International Limited and Regal International Group Ltd. for further details.
	(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, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(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	Yes Please refer to the explanatory notes below in relation to NutryFarm International Limited for further details.
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of a listed company?		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.
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).			

DISCLOSURE OF INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

Zixin Group Holdings Limited

Explanatory Notes:

NutryFarm International Limited

(1) 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.

(2) The Nominating Committee 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 reasons as set out in the Company's Annual Report for its financial year ended 31 March 2023, at Pages 59 and 60. Mr Ng Poh Khoon had abstained from the assessment of the Nominating Committee and the Board in connection with the Public Reprimand.

Regal International Group Ltd.

(3) A notification of delisting dated 27 March 2024 (the "**Delisting Notification**") was issued by SGX-ST to Regal International Group Ltd. (**"Regal International"**), in which SGX-ST informed Regal International that it will proceed to delist Regal International pursuant to Listing Rule 1305(1), on the basis that:

   (a) Regal International has not announced its interim financial statements for the quarter ended 30 June 2021 and subsequent financial statements;

   (b) Regal International has not held its annual general meeting for the financial year ended 31 December 2020 and the subsequent financial years;

   (c) Regal International has not appointed any statutory auditor since the resignation of its former auditor, RSM SG Assurance LLP, in February 2021;

   (d) Regal International has not provided any update on its progress of rectifying the internal control weaknesses identified by its independent reviewer, Deloitte & Touche Financial Advisory Services Pte. Ltd.; and

   (e) notwithstanding sufficient time having been given to Regal International to comply with the Listing Rules and the directives issued by SGX RegCo, Regal International has not demonstrated sufficient efforts to comply, and has failed to comply with the Listing Rules and the said directives.

(4) Regal International has submitted a letter to SGX RegCo to, amongst other things, appeal against the Delisting Notification. However, Regal International's appeal was rejected by SGX RegCo on 21 May 2024.

(5) The Nominating Committee and the Board have considered the matters set out in the Delisting Notification, and have assessed that Mr Ng Poh Khoon should retain his directorship in the Company in view of the following reasons:

   (a) the Nominating Committee and the Board are given to understand that Mr Ng Poh Khoon has, since his appointment as Regal International's independent director on 11 March 2021, devoted significant time and resources to facilitate Regal International's compliance with the relevant requirements under the Listing Rules and the directives issued by SGX RegCo;

   (b) however, notwithstanding his efforts and the efforts of the other Independent Directors of Regal International, Regal International was unable to follow through with complying with the relevant requirements due to various constraints, including but not limited to the financial resources of Regal International;

   (c) the Nominating Committee and the Board further notes that:

      (i) 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 his performance for FY2024; and

      (ii) aside from attending all Board, Audit Committee, Remuneration Committee and NC meetings in FY2024, Mr Ng Poh Khoon has also been proactive in his roles with the respective committees and as an Independent Director of the Company.

(6) Mr Ng Poh Khoon had abstained from the assessment of the Nominating Committee and the Board in connection with the Delisting Notification.

ZIXIN GROUP HOLDINGS LIMITED

(UEN: 200718683N)
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. The Annual General Meeting ("**AGM**") is being convened and will be held in a wholly physical format at 60 Cecil Street, the Institute of Singapore Chartered Accountants House, Room 4-3, Singapore 049709 on Tuesday, 30 July 2024 at 10:00 AM (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 15 July 2024.

I/We*, _____ (full name in capital letters)

(NRIC / Passport Number _____)

of _____ (fulladdress)

being a member/members* of **ZIXIN GROUP HOLDINGS LIMITED** (the "**Company**") hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or*

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person(s) referred to above, the Chairman of the Annual General Meeting ("**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 wholly physical format at 60 Cecil Street, the Institute of Singapore Chartered Accountants House, Room 4-3, Singapore 049709 on Tuesday, 30 July 2024 at 10:00 AM (Singapore Time) and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for, against or abstain from the resolutions to be proposed at the AGM as indicated hereunder. **If no specific direction as to voting is given, the proxy(ies) will have discretion to vote or abstain from voting on any other matter arising at the AGM and at any adjournment thereof.**

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	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2024 together with the Independent Auditors' Report thereon.			
2	To re-elect of Mr Liang Chengwang as a Director of the Company pursuant to Regulation 99 of the Company's Constitution.			
3	To re-elect of Mr Ng Poh Khoon as a Director of the Company pursuant to Regulation 99 of the Company's Constitution.			
4	To approve the payment of Directors' fees of $110,000 for the financial year ending 31 March 2025, payable half-yearly in arrears (FY2024: S$110,000).			
5	To re-appoint RT LLP as auditor of the Company and to authorise the Directors to fix its remuneration			
	SPECIAL BUSINESS			
6	Authority to allot and issue shares			
7	Authority to allot and issue shares under the Zixin Employee Share Option Scheme			
8	Authority to allot and issue shares under the Zixin Performance Share Plan			

Dated this _____ day of_____, 2024

_____

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) proxies 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 a 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 AM (Singapore Time) on 28 July 2024, 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 18 July 2024). 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 Lawrence Chen Tse Chau (Chen Shichao)
Non-Executive and Lead Independent Director

Mr Ng Poh Khoon
Non-Executive and Independent Director

Mr Xue Congyan
Non-Executive and Independent Director

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

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

RHB Bank Berhad, Singapore branch
90 Cecil Street
#03-00
Singapore 069531
Tel: (65) 6320 0627

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 2019)

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