

CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**” or “**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 standard of corporate governance within the Group to promote greater transparency, to safeguard the interests of the Company’s shareholders (“**Shareholders**”), employees and other stakeholders, and 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 “**CG Report**”) outlines the Company’s corporate governance practices that were in place during the financial year ended 31 March 2025 (“**FY2025**”), with specific references made to the principles of the Code of Governance 2018 (the “**Code**”) and the Catalist Rules.

The Board is pleased to report that the Company has adhered to the principles of the Code and in areas where the Company’s practices vary from any provisions of the Code, the Company has stated herein the provision of the Code from which it has varied, and appropriate explanations are provided for the variation, and how the practices the Company had adopted are consistent with the intent of the relevant principle of the Code. The Group will continue to assess its corporate governance practices and implement changes to its practices where required.

A. BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

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

Name of Directors	Designation
Liang Chengwang	Executive Chairman and Chief Executive Officer
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 Group’s strategic direction and establishing goals for Management as well as ensuring proper observance of corporate governance practices, which include putting in place a code of conduct and ethics, setting appropriate tone-from-the-top and desired organisational culture, and ensuring proper accountability within the Group. The Directors understand the Company’s business as well as their respective directorship duties (including their roles as Executive, Non-Executive and Independent Directors). The Board oversees the business affairs of the Group and works with Management to achieve the goals of the Group. The Directors are fiduciaries who act objectively in the best interests of the Company and hold Management accountable for performance.

The Board has put in place policies and procedures for dealing with conflicts of interest. Where the Director faces a conflict of interest, he would recuse himself from discussions and decisions involving the issues of conflict.

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

- (a) reviewing and approving key business and financial strategies (taking into consideration sustainability issues) and objectives of the Group;
- (b) reviewing and approving major corporate transactions (such as financial restructuring and share issuance);
- (c) reviewing and approving annual budgets of the Group, major transactions, including acquisitions, divestments, investments and capital expenditure;
- (d) reviewing and approving the annual report and audited financial statements of the Group;
- (e) reviewing and approving the unaudited financial results of the Group, including the half-year 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 providing 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;
- (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 that obligations to Shareholders 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 decides on matters that require its approval and clearly communicates this to Management in writing.

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

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Each of the Board Committees is constituted with clear written terms of reference setting out their compositions, authorities and duties. 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 the 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 year and full year results, interested person transactions of a material nature, declaration of interim dividends and proposal of final dividends) for Board's approval.

In conducting the day-to-day operations of the Group, the Management will be guided by 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. Management provides Directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. 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 for all matters lies with the Board.

Generally, the Board convenes 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 written resolutions.

Directors' attendance at the Board and the Board Committees meetings during FY2025 and up to the date of this Annual Report is as follows:

Name of Director	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended
Liang Chengwang	3	3	4	2^	1	1^	1	1^
Lawrence Chen Tse Chau (Chen Shichao)	3	3	4	4	1	1	1	1
Ng Poh Khoon	3	3	4	4	1	1	1	1
Xue Congyan	3	2	4	4	1	1	1	1

^ By invitation.

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

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To enable the Directors to better understand the Group's business as well as for them to discharge their respective duties, Management will provide regular business updates to the Directors during the scheduled Board meetings. In 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 in a timely manner 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. The Directors are also regularly briefed by Management on the business activities of the Company, including the Company's strategic direction and its 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. 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. 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. News releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are also circulated to the Board.

The Company also has an induction program where new Directors are given the relevant orientation, training and guidance to familiarize the new Directors with the Group's business, organisation structure, corporate strategies, corporate policies and corporate governance practices to facilitate the effective discharge of their respective duties.

New Directors who do not have prior experience as a director of a public listed company in Singapore will have to undergo training programmes as required by the Singapore Exchange Regulation Pte. Ltd. within 1 year from his/her appointment. As at the date of this Annual Report, all current Directors of the Board have completed the mandatory prescribed courses conducted by the Singapore Institute of Directors pursuant to Rule 406(3)(a), Rule 720(6) and Practice Note 4D of the Catalist Rules.

In order for the Board to discharge its duties, the Directors 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.

The Company Secretary and/or representatives from the Company Secretary's office attend all meetings of the Board and the Board Committees and prepare 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 communication within and between the Board, the Board Committees, 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 obtain 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.

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Board Composition and Guidance

Principle 2: 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.

Provision 2.1 of the Code provides that an “independent” Director is one who is independent in conduct, character and judgment, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgment in the best interests of the Company. The criterion for independence is further elaborated in the practice guidance accompanying the Code (the “**Practice Guidance**”) and Rule 406(3)(d) of the Catalist Rules.

The independence of each Director is reviewed annually by the NC with reference to the criterion of independence set out in the Code, the Practice Guidance and the Catalist Rules (collectively, the “**Independence Criteria**”). Each Director is also required to disclose to the Board any relationships or circumstances as and when they arise, which are likely to affect, or could appear to affect the Director’s judgment. In its review, the NC shall consider all nature of relationships and circumstances that could influence the judgement and decisions of the Directors before tabling its findings and recommendations to the Board for approval. Based on the aforesaid, the NC has identified each of the Non-Executive and Independent Directors as being independent, and the Board has taken into consideration the NC’s review and has also determined that each of the Non-Executive and Independent Directors is independent.

As the Chairman is not independent due to his concurrent appointment as the CEO, the Board comprises of three Non-Executive and Independent Directors out of four Directors in FY2025 to take into account the guidance set out in Provisions 2.2 and 2.3 of the Code. 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 on issues that are brought before the Board.

The Board, through the NC, reviews the size and composition of the Board to ensure that (a) the size of the Board is conducive for effective discussion and decision-making; (b) the Board has the appropriate mix of expertise, skill, knowledge, experience and gender diversity, so as to avoid groupthink and foster constructive debate; and (c) the Board 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 FY2025, its current Board size and composition is reasonably effective and efficient considering the nature, scope and size of the Group’s business operations.

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 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 to 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, and the requirements of the business. The NC will then make the necessary recommendation to the Board on its diversity on both an annual basis and as and when necessary.

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.

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The Company sought to return to at least 20% female representation on its Board by end of FY2025 but has not been able to find a suitable candidate for female representation on the Board that would complement the competencies of the Board. The Company will continue its search for female representation on the Board, with a view to returning to at least 20% female representation on its Board by the end of the financial year ending 31 March 2027. The Company is also committed to ensuring that a majority of the Board consists of Independent Directors, and the Company has maintained such majority as of the date of this Annual Report.

On balance, the final decision on selection of Directors will be based on merit as well as whether the relevant candidate complements and improves 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 industry knowledge and expertise in managing the Group's business is complemented by Mr Lawrence Chen Tse Chau's 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.

The Non-Executive and Independent Directors also 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.

Chairman and Chief Executive Officer

Principle 3: 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 exercises 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;

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- (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 the 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 it is in the current 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 can be effected efficiently to address the commercial realities of the Group's business.

The Board notes that Mr Liang Chengwang has actively promoted and emphasised the need to have in place a strong corporate governance culture. In FY2025, the Board had three Non-Executive and Independent Directors out of four Directors on the Board. Mr Lawrence Chen Tse Chau (Chen Shichao) also serves as the Lead Independent Director and is present to (i) provide leadership in situations where the Chairman is conflicted; and (ii) ensure that a channel of communication is always available to Shareholders where they have concerns and/or where contact through normal channels with Group's Executive Chairman, the CFO, GFC or Management has failed to resolve these concerns. In addition, the AC, NC and RC have consisted of all Non-Executive and Independent Directors in FY2025. 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 had rotated the positions of its Lead Independent Director, AC Chairman and RC Chairman in the financial year ended 31 March 2024.

Another measure that the Board has put in place is to have the Board discuss and review all major proposals and decisions made by Mr Liang Chengwang. This is so as to ensure that there is an appropriate balance of power, increased accountability and independent decision making by the Board. In this regard, 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 in FY2025. The performance and remuneration of Mr Liang Chengwang as the Executive Chairman and CEO is also periodically reviewed by the NC and the RC.

The Lead Independent Director and the other Non-Executive and Independent Directors also 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.

In light of the aforesaid, 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 but will as a matter of prudence, review the role of the Executive Chairman and the CEO as well as the composition of the Board on an on-going basis to ensure that it does not impede independent and objective decision-making.

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Board Membership

Principle 4: 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 of 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 as follows:

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

The NC is responsible for the following:

- (a) reviewing succession plans for the Executive Chairman, Executive Director and 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 pursuant to the Catalist Rules and the Practice Guidance;
- (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 competency, commitment, contribution, performance and whether or not he is independent;
- (g) reviewing the training and professional development programs for the Board and its Directors;
- (h) recommending 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 (if applicable);
- (j) determining and recommending to the Board the maximum number of listed company board representations which any Director may hold, and ensuring the disclosure of such limits in the Company's annual report;
- (k) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, in particular when he has multiple board representations, and/or other principal commitments;

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- (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, the contribution of each individual Director to the effectiveness of the Board, and recommending the relevant process and objective criteria to assess the Board's and each Director's performance. 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 Chairman 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 Company's key management personnel. The NC recognises the importance of succession planning as part of corporate governance and has implemented an internal process of succession planning for the Chairman of the Board, Directors, the CEO and Management, so as to ensure the progressive and systematic renewal of the Board and key management personnel. The NC will, in consultation with the Board and the Company's professional advisors, examine the existing Board's strength, the existing Board's capabilities, the existing Directors' contributions and take into account the future needs of the Company when considering such succession plans.

If the appointment of new Directors are 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 others, the new Director's ability to add to or complement the mix of skills and qualifications in the existing Board, the relevance of his experience and the potential contributions that he could provide to the business of the Group.

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 will take into account the current needs and composition of the Board as well as assess the competency, performance and contribution of the Director (including his 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 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 annual general meeting of the Company.

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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 annual general meeting. In addition, Articles 99(3) and (4) state 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 years and, if applicable, submit themselves for re-nomination and re-election. In addition, Articles 81 and 100 state 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 annual general meeting and are eligible to offer themselves for re-election.

At the forthcoming annual general meeting, Mr Lawrence Chen Tse Chau (Chen Shichao) and Mr Xue Congyan are due for retirement and re-election pursuant to Article 99 of the Company's Constitution. After assessing the contributions of Mr Lawrence Chen Tse Chau (Chen Shichao) and Mr Xue Congyan, the Board has accepted the NC's recommendation that Mr Lawrence Chen Tse Chau (Chen Shichao) and Mr Xue Congyan be put forth for re-election.

Information relating to the retiring Directors who are retiring and offering themselves for re-election at the upcoming annual general meeting can be found in the "Disclosure Of Information On Directors Seeking Re-Election" on pages 155 to 161 of this Annual Report

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 FY2025, the Non-Executive and Independent Directors have confirmed their independence in accordance with the Independence Criteria. The Board is of the view that Mr Lawrence Chen Tse Chau (Chen Shichao), Mr Ng Poh Khoo, and Mr Xue Congyan are independent. This is 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.

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. In this regard, the NC has considered the number of listed directorships each of its Directors can hold after taking into consideration 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 it would not be meaningful to define the maximum limit on the number of listed company board representations and other principal commitments that 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.

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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 will continue to review 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 "Board of Directors" section of this Annual Report.

Board Performance

Principle 5: 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 is guided by its terms of reference and decides on how the Board's performance is to be evaluated. The NC 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 the Company's competitors and industry peers. The Board will also consider non-financial indicators such as feedback received from investors (institutional and/or retail) and market analysts as these may serve as useful qualitative analysis by external parties.

In assessing the performance and effectiveness of the Board and its Board Committees, the NC also takes into account the Board Committees' and the Board's ability to work with Management, the discussions and 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, the review 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 input 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 FY2025, 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 the Board's composition, the conduct of Board meetings, the Board's processes, the Board's accountability, the Board's risk management and internal controls, and the Board's performance;
- (b) the performance evaluation checklists for the AC, NC, and RC, which covers several parameters such as the composition of the Board Committees, conduct of Board Committee meetings, the processes of the Board Committees, accountability in the Board Committees, the performance of the Board Committees, and ease of communication between the Board and the Board Committees; and
- (c) the Director performance evaluation checklist which covers several parameters such as the Director's skillsets, industry knowledge, contribution, and preparedness for Board and Board Committees meetings.

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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 (i) the performance and the effectiveness of the Board and the Board Committees; and (ii) the performance and contribution of each individual Director to the effectiveness of the Board for FY2025. The NC has reviewed the overall performance and effectiveness of the Board and is of the view that the performance and effectiveness of the Board as a whole has been satisfactory. Based on the results collated from the evaluation checklists, the NC is also of the view that:

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

No external facilitator was engaged in FY2025. If required, the NC has full authority to engage external facilitators to assist with the evaluation process.

B. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: 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 of 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:

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

CORPORATE GOVERNANCE REPORT

- (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 deems 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 Director 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 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 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 service agreements of the Executive Director as well as the key management personnel before their execution. In the course of such review, the RC will consider the Group’s obligations arising in the event of termination of the Executive Director and any of the key management personnel. This is to ensure that the service agreements contain fair and reasonable termination clauses and do not reward poor performance. In this regard, the RC has reviewed the terms of the service agreements for the Executive Director and 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.

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 FY2025.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

Principle 7: 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.

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. The established remuneration policies are intended to ensure that remuneration packages are sufficiently competitive to (a) attract any new Directors with the appropriate experience and expertise; and (b) 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 remuneration of the Executive Director and key management personnel comprise a basic salary component and a variable component (which is inclusive of bonuses and other benefits) so as to link rewards to corporate and individual performance. The annual review of remuneration is carried out by the RC to ensure that the remuneration of the Executive Director and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group.

In addition to the above, the RC has at its disposal the Zixin ESOS and the Zixin PSP to provide remuneration that link rewards to corporate and individual performance. The Zixin ESOS and Zixin PSP were approved by the Company's Shareholders by way of members' resolution in writing on 20 July 2015 and are administered by the RC. These performance-related elements of remuneration have been designed to align the interest of Executive Director, Management and staff with those of Shareholders and to link their rewards to corporate and individual performance. 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 those who are also controlling Shareholders. The Zixin ESOS and the Zixin PSP will expire on 19 July 2025 and the Company is considering the adoption of a new employee share option scheme and performance share plan and shall seek the relevant approvals from its Shareholders for such adoption at the relevant juncture.

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 annual general meeting of the Company.

Disclosure on Remuneration

Principle 8: 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 (a) aligned with the interests of Shareholders; and (b) intended to support the Group's business with the aim of retaining key capabilities and providing structured remuneration for 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.

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The details of the remuneration paid to the Directors for FY2025 are as follows:

	Salary ⁽¹⁾ (S\$)	Performance Based Bonus ⁽¹⁾ (S\$)	Directors' Fees (S\$)	Other Benefits ⁽²⁾ (S\$)	Total Remuneration (S\$)
Executive Director and Chief Executive Officer					
Liang Chengwang	358,653	–	–	–	358,653
Non-Executive and Independent Directors					
Lawrence Chen Tse Chau (Chen Shichao)	–	–	50,000	–	50,000
Ng Poh Khoon	–	–	30,000	–	30,000
Xue Congyan	–	–	30,000	–	30,000

Notes:

- (1) Salary and performance-based bonus include employer's contribution 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.

The Company's key management personnel (who are not Directors) were paid an aggregate remuneration of S\$ 291,004 in FY2025, in which their respective remuneration (disclosed in bands of S\$ 250,000) are as follows:

	Salary ⁽¹⁾ (%)	Performance Based Bonus ⁽¹⁾ (%)	Directors' Fees (%)	Other Benefits ⁽²⁾ (%)	Total Remuneration (%)
Below S\$ 250,000					
Yi Ming	100	–	–	–	100
Jee Meng Kwang	88	–	–	12	100

Notes:

- (1) Salary and performance-based bonus include employer's contribution 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.

The Company confirms that in FY2025 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 Director. Save for the share awards amounting in aggregate to 61,000,000 ordinary shares that was granted to the senior management of the Company pursuant to the Zixin PSP and duly announced on SGXNet on 22 March 2024, no Directors, key management personnel or employees were issued shares under the Zixin PSP or Zixin ESOS.

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

Name	Position	Shareholding	
		Direct Interest	Deemed Interest
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.

Save for Mr Liang Chengwang, there are no other employees who are substantial Shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial Shareholder of the Company, whose remuneration exceeds S\$ 100,000 in FY2025.

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 integral 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. The Zixin ESOS and the Zixin PSP will expire on 19 July 2025 and the Company is considering the adoption of a new employee share option scheme and performance share plan and shall seek the relevant approvals from its Shareholders for such adoption at the relevant juncture.

Save for the share awards amounting in aggregate to 61,000,000 ordinary shares that were granted to the senior management of the Company pursuant to the Zixin PSP and duly announced on SGXNet on 22 March 2024, no other share awards were granted under the Zixin PSP, and no options were granted under the Zixin ESOS. Further details of the Schemes are set out in the “Directors’ Statement” section of this Annual Report.

C. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: 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, implements effective risk management policies to control, and mitigate any identified areas of significant business and operational risks. The internal controls in place are intended to (a) address the financial, operational, compliance and information technology risks; (b) provide reasonable assurance that there are no material financial misstatements or material loss; (c) ensure that there is maintenance of proper accounting records; (d) ensure that financial information is reliable and that assets are safeguarded; and (e) safeguard shareholders’ interest and the Company’s assets.

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Having considered the Company's business operations including 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, and information technology controls) and risk management systems were adequate and effective for FY2025.

The Board has received assurance from the CEO and CFO that the financial records of the Group for FY2025 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.

Audit Committee

Principle 10: The Board has an Audit Committee 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:

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

The AC members have many years of experience in senior management positions and possess recent and relevant accounting and/or related financial management expertise. The Board is of the view that the AC has sufficient accounting and/or financial management expertise and 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 audit 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 Management and the Board.

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

- (i) reviewing with the external auditors the audit plan, the evaluation of the system of internal accounting controls that are relevant to the audit, the audit report, the management letter and Management's response;
- (ii) ensuring co-ordination where more than one audit firm is involved;
- (iii) 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;
- (iv) reviewing any formal announcements relating to the Company's financial performance;
- (v) discussing problems and concerns, if any, arising from the audits, in consultation with the external auditors and the internal auditors where necessary;
- (vi) 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;
- (vii) reviewing the assistance given by Management to the external auditors;
- (viii) reviewing annually the adequacy, effectiveness, scope and results of the external audit, the nature and extent of non-audit services (if any) to the Company, as well as the independence and objectivity of the external auditors;
- (ix) 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 have appropriate standing within the Company, as well as ensuring co-ordination between the internal auditor, the external auditors and Management;
- (x) 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;
- (xi) overseeing the design and implementation of the overall risk management systems and internal control systems (including financial, operational, compliance and information technology controls);
- (xii) 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;
- (xiii) reviewing and discussing with the external auditors, any suspected fraud or irregularity, or suspected 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;
- (xiv) investigating any matter within its terms of reference, with full access to and cooperation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;

CORPORATE GOVERNANCE REPORT

- (xv) 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;
- (xvi) reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (xvii) reviewing interested person transactions falling within the scope of the Catalist Rules;
- (xviii) 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;
- (xix) 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;
- (xx) reviewing the audit representation letters before consideration by the Board, giving particular consideration to matters related to non-standard issues;
- (xxi) undertaking such other reviews and projects as may be requested by the Board; and
- (xxii) 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 FY2025, the AC reviewed the half-year 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 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 FY2025, 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 at pages 84 to 89 of this Annual Report.

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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 FY2025.

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 has not been engaged to perform any non-audit services for the Group for FY2025. The amount of fees that have been paid to RT for audit services for FY2025 is S\$ 175,000.

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 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 annual general meeting.

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 an internal audit function and team within the Company, and that it may not be cost-effective or efficient to do so. Accordingly, the Company has outsourced its internal audit function to Enrome Advisory Pte. Ltd. ("**Enrome**"), a 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.

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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. 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 whistleblower 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 FY2025.

The AC has reviewed the adequacy and effectiveness of the Group’s internal audit function annually and is satisfied that for FY2025, the Group’s internal audit function was independent, adequately resourced and had the appropriate standing in the Company to discharge its duties effectively. Accordingly, the Board and AC are of the view that the Group’s internal audit function was independent, effective and adequately resourced for FY2025.

D. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: 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 facilitating the exercise of Shareholders’ rights. The Board 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 with the Board and Management on the Group’s business activities, financial performance and other business-related matters. Policies and procedures are also 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 annual general meeting in respect of FY2025 will be held wholly in physical format.

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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 FY2025.

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 usually dispatched to the Shareholders at least 14 days before the general 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 annual general meeting, 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 Secretary prepares the 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 annual general meetings will be made available on its corporate website and on the SGXNet within 1 month after the general meeting.

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 payout of dividends will be communicated clearly to Shareholders via announcements released on SGXNet. However, there can be no assurance on the amount or timing of any dividends that may be paid in the future.

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No dividend has been declared for FY2025. 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 renovations and equipment and machinery acquisition in the new manufacturing facility and additional working capital required to run the new manufacturing facility. This approach is intended to prevent significant disruptions to the completion timeline and operations, as any delays would lead to increased overall costs.

In addition to the above, the Group intends to retain its cash resources for exploring any opportunities in increasing contracted farmlands through Co-operatives which will require advance payment for supplies of sweet potato.

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

Engagement with Shareholders

Principle 12: 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 emphasis on ensuring that all Shareholders are promptly informed of the major developments that impact the Group. In this regard, information is communicated to Shareholders on a timely basis via the SGXNet and the Company's corporate website through, among others:

- (a) annual reports that are issued to all Shareholders;
- (b) 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-year 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.

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Apart from encouraging Shareholders to 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 purpose 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.

D. MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: 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 and which have a 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.

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

E. COMPLIANCE WITH APPLICABLE CATALIST RULES

Dealings in Securities

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

The Company, its Directors and officers are prohibited from dealing in the Company's securities during the period commencing one 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 regarding the above matters have been sent to all Directors and officers concerned.

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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 this internal policy. The Company, its Directors and officers are also 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.

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 AC and if so, to ensure that the Company complies with the requisite rules under Chapter 9 of the Catalist Rules.

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 exceeding S\$ 100,000 entered into during FY2025.

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.

Non-Sponsor Fees

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

During FY2025, there were non-sponsor fees paid to RHB amounting to S\$ 119,900.

Sustainability Reporting

Pursuant to Rule 711A and 711B of the Catalist Rules, the Company's sustainability report is set out from pages 25 to 51 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.

As per 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 2025 dated 30 May 2025, the Placement Net Cash Proceeds has been fully utilised. The Placement Net Cash Proceeds has been utilised in accordance with the allocation as set out in the Company's announcements dated 21 September 2021 and 15 March 2024, and further particulars of the total utilisation of the Placement Net Cash Proceeds are set out below:

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Intended Use of the Placement Net Cash Proceeds	Allocation of the Placement Net Cash		
	Proceeds ⁽¹⁾ (S\$'000)	Amount utilised (S\$'000)	Balance (S\$'000)
Future expansion of the Group's business in Singapore	800	(800)	–
Renovation expenses, and acquisition of equipment and machinery for Fujian Zixin's new manufacturing facilities	8,400	(8,400)	–
Working capital for the Group ⁽²⁾	2,700	(2,700)	–
	11,900	(11,900)	

Notes:

- (1) Allocation of the Placement Net Cash Proceeds pursuant to the Company's announcements dated 21 September 2021 and 15 March 2024.
(2) A breakdown of the amount utilised for the working capital for the Group is as follows:

	Working Capital (S\$'000)
Employee benefit expenses (including Director's remuneration)	1,135
Administrative and miscellaneous expenses	1,189
Directors' fee	210
Accruals and other payables	166
Total	2,700

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.

As per the Company's previous update on the utilisation of the Rights Net Cash Proceeds in its unaudited financial statements for the financial year ended 31 March 2025 dated 30 May 2025, the Rights Net Cash Proceeds has been fully utilised. The Rights Net Cash Proceeds has been utilised in accordance with the allocation as set out in the Company's announcement dated 20 June 2024, and further particulars of the total utilisation of the Rights Net Cash Proceeds are set out below:

Intended Use of the Rights Net Cash Proceeds	Allocation of the Placement Net Cash		
	Proceeds ⁽¹⁾ (S\$'000)	Amount utilised (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 ⁽²⁾	842	(842)	–
	2,104	(2,104)	

Notes:

- (1) Allocation of the Rights Net Cash Proceeds pursuant to the Company's announcement dated 20 June 2024.
(2) A breakdown of the amount utilised for the working capital for the Group is as follows:

	Working Capital (S\$'000)
Administrative expenses	290
Employee benefit expenses (including Director's remunerations)	442
Professional fee	71
Directors' fee	39
Total	842