



ANCHUN INTERNATIONAL HOLDINGS LTD.

Co. Registration Number: 200920277C

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RESPONSE TO SGX QUERY REGARDING THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Capitalised terms used herein, unless otherwise defined, shall have the meanings ascribed to them in the Annual Report of Anchun International Holdings Ltd ("AIHL") in relation to the financial year ended 31 December 2023 (the "Annual Report 2023").

The Board of Directors ("**Board**") of Anchun International Holdings Ltd. (the "**Company**") and together with its subsidiary (collectively known as "**Group**") has on 23 April 2024 received the following query raised by Singapore Exchange Securities Trading Limited ("**SGX-ST**") regarding to the Company's Annual Report FY2023 issued on 9 April 2024 and sets out its response as follows: -

Query:

On 9 April 2024, the Company announced that Mr. Wang HeMing, Mr. Tan Wei Shyan and Mr. San Meng Chee will be appointed as Independent Directors of the Company (collectively, the "**New IDs**") with effect from 25 April 2024, in place of Lee Gee Aik, Tan Min-Li and Andrew Bek who will retire or step down after the conclusion of the forthcoming Annual General Meeting ("**FY2023 AGM**"). Please disclose whether the Company had considered appointing the New IDs earlier and subject them to election at the FY2023 AGM, and explain the basis for the Company's decision.

Company's response:

As mentioned on page 46 of the Annual Report FY2023, the current Board composition represents a well-balanced mix of skills, knowledge and experience among the directors. The Board believes that its current composition and size provide an appropriate balance and mix of skills, talents, experience and diversity to serve the needs and plans of the Group. Each of the Directors brings valuable insights from different perspectives vital to the strategic interests of the Company, and the Board considers that its current Directors are diverse enough as they possess the necessary competencies to provide Management with a diverse and objective perspective on issues so as to lead and govern the Company effectively.

On 11 January 2023, the SGX-ST removed the two-tier voting process used by SGX listed companies to retain independent directors who have served for more than nine years. With this change, a director will not be considered independent if he had been a director for an aggregate period of more than nine years, whether before or after listing. As a transitional arrangement allowed by the SGX-ST, an independent director

whose tenure exceeds the nine-year limit can continue to serve as independent director until the annual general meeting held for the financial year ending on or after 31 December 2023.

As the existing three Independent Directors (“**IDs**”) of the Company, namely Mr. Lee Gee Aik, Ms. Tan Min-Li and Mr. Andrew Bek (collectively known as “**Outgoing IDs**”) have served for more than nine years and as part of the Board renewal plan, the Outgoing IDs will either retire or resign at the conclusion of the FY2023 AGM in compliance with the Rule 210(5)(d)(iv) of the Listing Manual of SGT-ST.

The Nominating Committee together with the Board had carefully considered the process of the Board renewal plan and in order to ensure a smooth transition arrangement after taking into consideration of the said transitional arrangement allowed by the SGT-ST, it was proposed to appoint the new IDs upon the conclusion of the FY2023 AGM on the following basis: -

- a) The Outgoing IDs were able to serve for a full term up to the conclusion of FY2023 AGM so that the Outgoing IDs could discharge their fiduciary duties as Directors of the Company and present the audited financial statements of the Company together with the Annual Report FY2023 to the shareholders of the Company at the FY2023 AGM before they relinquish their position as Directors of the Company (including the position held in the respective Board Committees of the Company) upon the conclusion of the FY2023 AGM.
- b) As mentioned on page 64 of Annual Report 2023, the Outgoing IDs are either Chairman or member of the Audit Committee which its main functions have written in its Term of Reference including to review the half/full year results (*in particular for FY2023*), audit plan with external and internal auditors, adequacy and effectiveness of the internal controls and risk management systems and other functions. As such, the existing Audit Committee comprise of the Outgoing IDs could continue to fulfill their roles and responsibilities to review the progress and findings arising from the audit of the financial statements of the Company for FY2023, if any before making any recommendation to the Board to approve the full year results for FY2023 for release via SGXNet on 28 February 2024 and the issuance of Annual Report 2023 to the shareholders of the Company on 9 April 2024.
- c) As the nomination of the new IDs was only finalized after the end of the financial year ended 31 December 2023, the new IDs have not been involved in the review of the Group financial performance for FY2023 and thus, it may not be appropriate for the new IDs to assume such responsibilities to approve the audited financial statements of the Company for FY2023 and/or to attend to the query from shareholders, if any relating to the Annual Report FY2023.

Based on the foregoing, the Nominating Committee and the Board believe that it would be in the best interests of the Company for the Outgoing IDs to serve for a full term up to the conclusion of the FY2023 AGM while the new IDs will then be appointed immediately upon the conclusion of the FY2023 AGM so that the new IDs are able to and adequately carry out their duty as Directors of the Company to review the financial performance of the Group from FY2024 onwards.

Further, the Nominating Committee and the Board has also considered the following as part of the Board renewal plan to ensure a smooth transition to re-constitute the composition of the Board and its Board Committees which shall take effect upon the conclusion of the FY2023 AGM: -

- (i) Prof He, MingYang with more than 5 years of service since his appointment on 1 January 2019, remains as ID in the Company; and
- (ii) Two (2) of the New IDs have prior experience as director of issuers which are listed on the SGX-ST and their details have been disclosed and announced via SGXNet on 9 April 2024.

By Order of the Board

Zheng, ZhiZhong
Executive Director and Chief Executive Officer
23 April 2024