



ANCHUN INTERNATIONAL HOLDINGS LTD.

Co. Registration Number: 200920277C

Co. Address: 138 Cecil Street, #12-01A Cecil Court, Singapore 069538

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Changsha, Hunan, China

RESPONSE TO SGX QUERIES

The Board of Directors (the "**Board**") Anchun International Holdings Ltd. (the "**Company**") and together with its subsidiary, Hunan Anchun Advanced Technology Co., Ltd. (collectively known as "**Group**") has on 12 March 2024 received the following queries from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in relation to the Group's unaudited condensed interim consolidated financial statements for the six months and full year ended 31 December 2023 released on 28 February 2024 and sets out its response as follows: -

Question 1: We note that the Group had listed litigation costs as part of its "Other Expenses" amounting to RMB 8.83 million for FY2023.

Please elaborate on the litigation that the Group is involved in, which entity under the Group is involved in the litigation, and what the cause of the litigation is. Please also provide the Board's assessment on the materiality of the litigation and whether this has been disclosed previously in the Company's announcements.

Response:

The litigation costs decreased from RMB0.124 million in FY2022 to Nil in FY 2023. The litigation costs of RMB0.124 million for FY2022 were in connection with lawsuits filed by the Company's wholly owned subsidiary, Hunan Anchun Advanced Technology Co., Ltd., against its customers for collection of amounts owing to it.

The Board is of the view that debts collection efforts by management are normal business operations and a component of internal controls of the Group. The Board considers such actions are not material as impairment review of trade receivables is carried out regularly. Accordingly, the Group have not disclosed the litigations previously in the Company's announcements.

By Order of the Board

Zheng, ZhiZhong
Executive Director and Chief Executive Officer
14 March 2024