ANCHUN INTERNATIONAL HOLDINGS LTD.

ENERGISING A GREENER FUTURE

2024
ANNUAL
REPORT

CONTENTS

Anchun specialises in integrated chemical systems engineering, environmental system engineering and technology solutions that are environmentally friendly and energy-efficient to the petrochemical and chemical industry in People's Republic of China ("PRC") in particular, ammonia and methanol industries. Today, we are a one-stop solutions provider offering a full scope of services ranging from design, manufacturing to system production and project management for our customers.

Anchun is led by our senior management team with in-depth knowledge and experiences in technology, marketing and management. Anchun has a professional and dedicated team of senior and national registered engineers with strong capabilities in research and developments. Efficient, professional, completed integrated business model and diversified services, as well as independent intellectual property rights in its innovative technologies and products have provided Anchun a unique competitive advantage in the industry whereby its technologies and products are applied to more than 300 enterprises in 31 provinces and municipalities in PRC. It has made Anchun to be one of the leading solutions providers in PRC and has a strong market influence on its industry.

Over the years, we have been awarded fifty-five (55) patents in PRC, two (2) patents in United States and participated in the formulation of eight (8) standards for chemical industry in PRC. We are also awarded the National Specialised & Innovative "Emerging Giant" Enterprise in PRC during the financial year ended 31 December 2023. Our advanced technologies in engineering and environmental designs, and key equipment and catalyst technology have us awarded two (2) second prize for Scientific and Technological Progress in PRC and more than ten (10) first prize in Scientific and Technological Progress in Provinces of PRC including multiple awards and honours issued by government and respective industries which have make the competitiveness and innovation of Anchun to be advanced than other companies and lead the trend for industries' technology and innovation. Anchun is located at the Changsha National Hi-Tech Industrial Development Zone in Hunan province with a total building area of 95,000 square meters which comprises of two (2) Science and Technology parks with total area of 60,000 square meters and has one of the largest equipment and technology manufacturing for ammonia and methanol-related equipment in PRC. Anchun was listed on the Singapore Exchange Mainboard on 25 October 2010.

OUR CORE COMPETENCE

With a key focus on sustainable development and stability, continuously advanced and new technological and improvements, Anchun has recorded and achieved a stable and sustained performance in the chemical engineering industry over the past 31 years based on our successful and proven business model, the "Anchun Model" which has been widely praised by China's petroleum and chemical industries, as follows: -

- Specialisation in integrated chemical systems engineering and technology solutions
- Recognised intellectual property
- Well-qualified and experienced management and working teams with solid professional skill
- Most well-represented ammonia and methanol technology provider with established track record of accountability and credibility

MARKET OPPORTUNITIES

Increasing emphasis by the Government of China on environmental protection and energy saving policies will pave the way for demand of systems and solutions that reduce carbon emissions, energy consumption and air pollution. These have wide impacts on industries such as oil and petrochemical, electric power, iron and steel, nonferrous metals, coal, building materials, chemicals and transportation, as well as state-owned enterprises that need to achieve reductions in their chemical oxygen demand and emissions of carbon dioxide, sulphur dioxide, ammonia, nitrogen oxides and other major pollutants to the national average levels. On this, Anchun's outstanding innovation and multiple patented technologies and products which focus on energy conservation and pollution reduction are well positioned to meet the market's needs.

As a major technology developer and reactor manufacturer in PRC, Anchun strives to capture these favourable opportunities in PRC for more efficient and more environmentally-friendly in engineering systems and solutions.

WHAT WE OFFER

From System Design To Production and Project Management, we provide Integrated Chemical Systems Engineering and Technology Solutions for our valued clients.

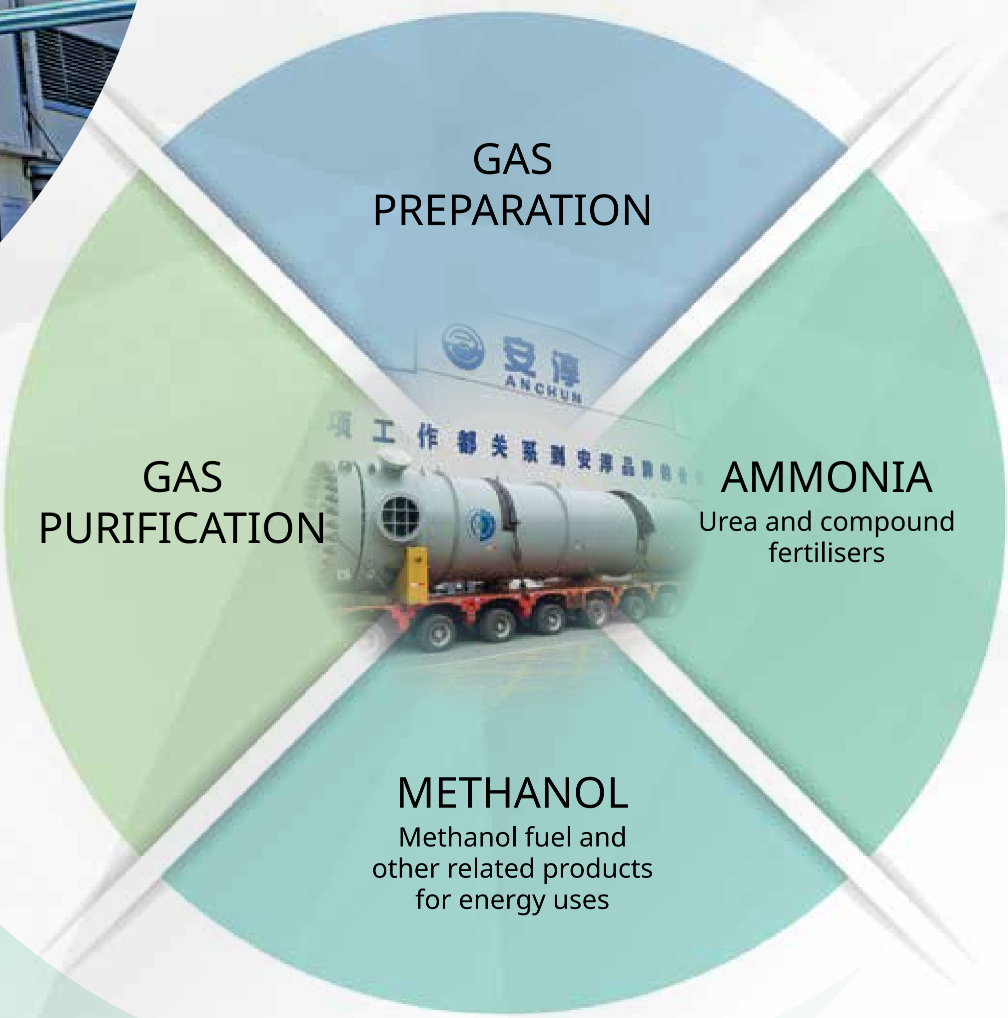
OUR VALUE CHAIN

DESIGN SYSTEM

SYSTEM PRODUCTION & PROJECT MANAGEMENT

AFTER SALES

AMMONIA METHANOL SYNTHESIS



CEO'S MESSAGE

Mr. Zheng Zhi Zhong said, "Anchun has successfully diversified into more broad energy and chemical industries with effort since 2018. Geographically speaking, our CO shift reactor has been on stream in a refinery in Thailand and operating very well since February 2024. Our global business team has completed the 1000MTPD ammonia Process Design Package (PDP) for STAMICARBON B.V. in the Netherlands and accomplished international codes and standards alignment with safety and shop-keeping improvements in 2024. Anchun is cautiously optimistic looking into implementing our technologies and proprietary equipment to an even broader customer base."

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Anchun International Holdings Ltd. ("Anchun" or together with its subsidiary, the "Group") for the financial year ended 31 December 2024 ("FY2024").

In FY2024, our dedication to efficiency, product diversification, and strategic investments has strengthened our position in both domestic and international markets. It was a testament to our resilience, innovation, and commitment to sustainable growth.

Although the overall business environment remained rife with volatility, intensifying geopolitical conflicts, inflationary cost pressures and subdued domestic demand, the Group demonstrated strong operational performance with our solid fundamentals and constant research and development ("R&D") to navigate the uncertainties and challenges to deliver a set of commendable results.

During the year under review, the Group achieved revenue growth of 32.7%, from RMB133.7 million for the financial year ended 31 December 2023 ("FY2023") to RMB177.4 million in FY2024. This growth was primarily driven by our CSC Business which registered a 45% surge from RMB104.1 million in FY2023 to RMB151.3 million in FY2024. However, slow demand impeded our Catalyst Business and Engineering Services Business, triggering a 8% and 20% fall in revenue for these segments, posting revenue of RMB18.3 million and RMB7.8 million in FY2024 respectively. In tandem with our overall revenue growth and cost strategy, we delivered a 358% increase in our net profit attributable to owners of the Company from RMB2.4 million in FY2023 to RMB10.9 million in FY2024. The Directors recommended a tax exempt (one-tier) final cash dividend of Renminbi Twelve cents (RMB0.12) per ordinary share subject to the shareholder's approval in 2025 AGM.

STRATEGIC ALLIANCES & DIVERSIFICATION INTO BROADER CUSTOMER BASE

Anchun has successfully diversified into the broader energy and chemical industries with revenue percentage from non-fertiliser industries being 34%, 38%, 67%, 84%, 86%, 75% and 49% from FY2018 to 2024.

Geographically speaking, our CO shift reactor has been on stream in a refinery in Thailand and operating very well since February 2024. We completed the Synloop Feasibility Study for a green methanol project based in Turkey. In addition, we delivered an ammonia reactor shell to a project based in Africa in the past year.

Our global business team has completed the 1000MTPD (metric ton per day) ammonia Process Design Package (PDP) for STAMICARBON B.V. in the Netherlands and accomplished international codes and standard alignments and certifications, in addition to safety and shop-keeping improvements. The Group is cautiously optimistic looking into implementing its technologies and proprietary equipment to an even broader customer base.

Domestically, we continued to extend our reach in diverse industries, especially the petroleum and petrochemical industry. Through collaboration with corporations such as Sinopec Nanjing Engineering Co., Ltd. and Henan Xinlianxin Chemicals Group Co., Ltd to provide isothermal shift technology for green chemicals engineering projects, we were able to advance our diversified technical applications in the green low-carbon fields. We have also secured a project in Guangxi Province, marking our foray to this region.

In addition, our commitment to quality products and service excellence has also continued to attract long-term customers such as Jiangxi Xinlianxin Chemicals Industrial Co., Ltd, Jiangsu Huachang Chemical Co., Ltd, and Xufeng Heyuan Chemicals Co., Ltd. With an order book of approximately RMB130.0 million as at 31 December 2024, we are confident that we can continue to grow our customer base and revenue streams to deliver sustainable value to our stakeholders.

ENERGISING A GREENER FUTURE

Since our inception, innovation has always been the core of Anchun's development. Over the years, we constantly expand our R&D capabilities, offering new eco-friendly and high-performance solutions that meet the evolving market demands.

In FY2024, our efforts have cumulated in the acquisition of four invention patents, and two utility model patents, focusing on ammonia synthesis technology and isothermal shift technology. Our development of ferrous-based low-temperature, high-activity ammonia synthesis catalysts have also reaped results. Currently, we have applied for another two patents for our innovative solutions and we strongly believe that our patented technology will set us apart from the competition.

As a responsible corporate citizen, our commitment to the development of green chemicals and sustainable production practices aligns with China's carbon abatement strategy. Beyond that, we are actively promoting greener solutions to reduce carbon footprint and optimise energy efficiency, especially in the high-energy-consuming petroleum and petrochemical industry. The roof replacement with solar panels is ongoing and we expect our manufacture plant to be entirely covered with solar panels by June 2025. With the need for greater compliance to environmental regulations, our ammonia synthesis, methanol synthesis, and isothermal shift technologies are presently applied in new energy fields as well as the petroleum, petrochemicals, and coking industries.

FORGING AHEAD

Looking ahead, we remain cautiously optimistic and steadfast about our growth trajectory. While challenges persist, we are confident that our strategic vision, operational excellence, and innovation-driven approach will drive sustained success. Our focus will be on expanding into high-value chemical segments and strengthening our global footprint.

CEO'S MESSAGE

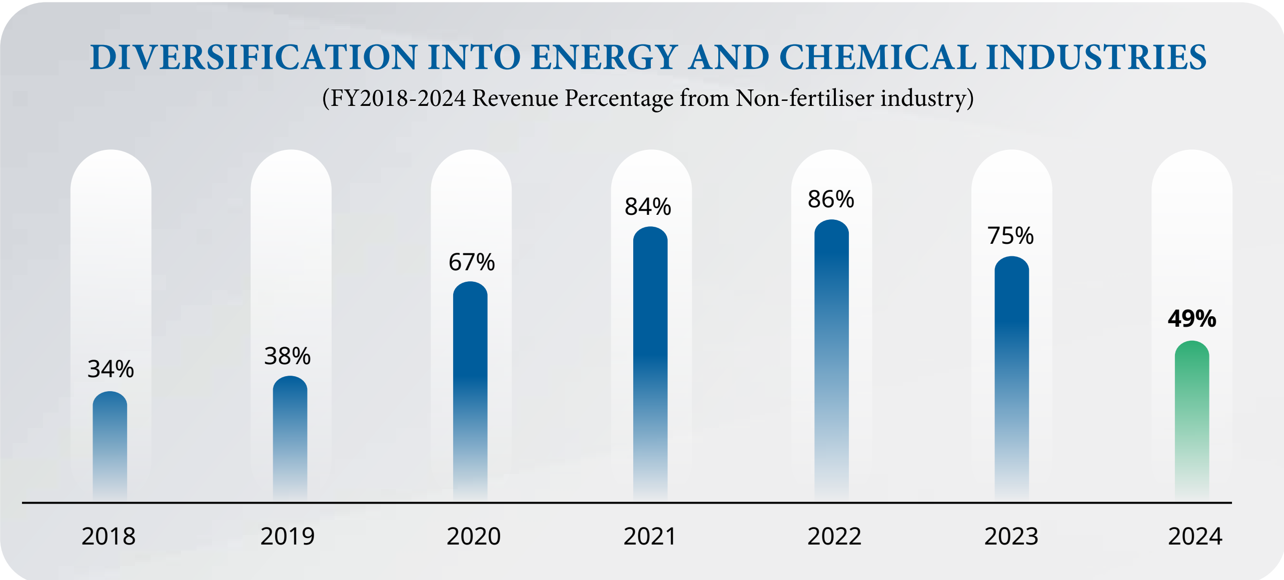
Internally, we will continue to relentlessly work towards improvement to ensure competitiveness. We will invest in R&D, technological and marketing innovation to stimulate demand in the domestic and international markets. Establishing cooperation with higher education institutions and research organisations remains our strategic focus to maintain the competitive edge of our talent pool.

Diversifying into non-fertiliser industries will continue to be an integral part of our strategic growth initiatives We remain focused on our patented technologies in ammonia synthesis, methanol synthesis, and isothermal shift. This includes enhancing our existing technologies to ensure that our products stay ahead of the market. With the potential exponential technological growth brought by AI, we look forward to the possibilities for mankind to unlock the energy potential with innovations in various green energy and commercial nuclear power technology, so that in the future, we can further leverage and monetize our in-depth knowledge and sourcing capabilities in ammonia, methanol and CO shift technologies.

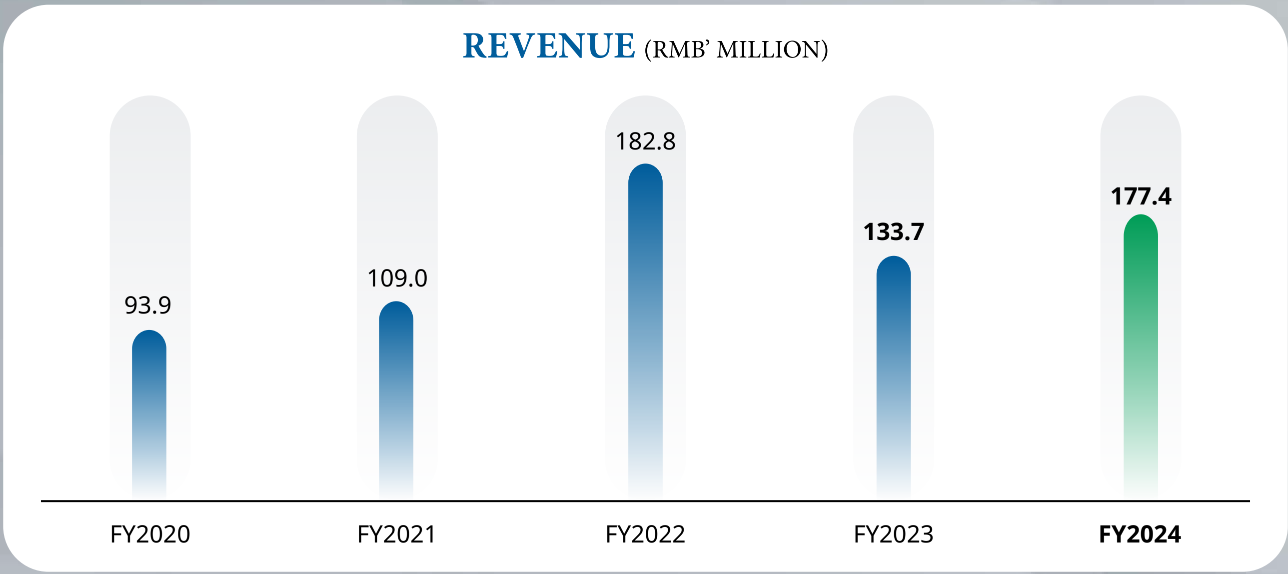
IN APPRECIATION

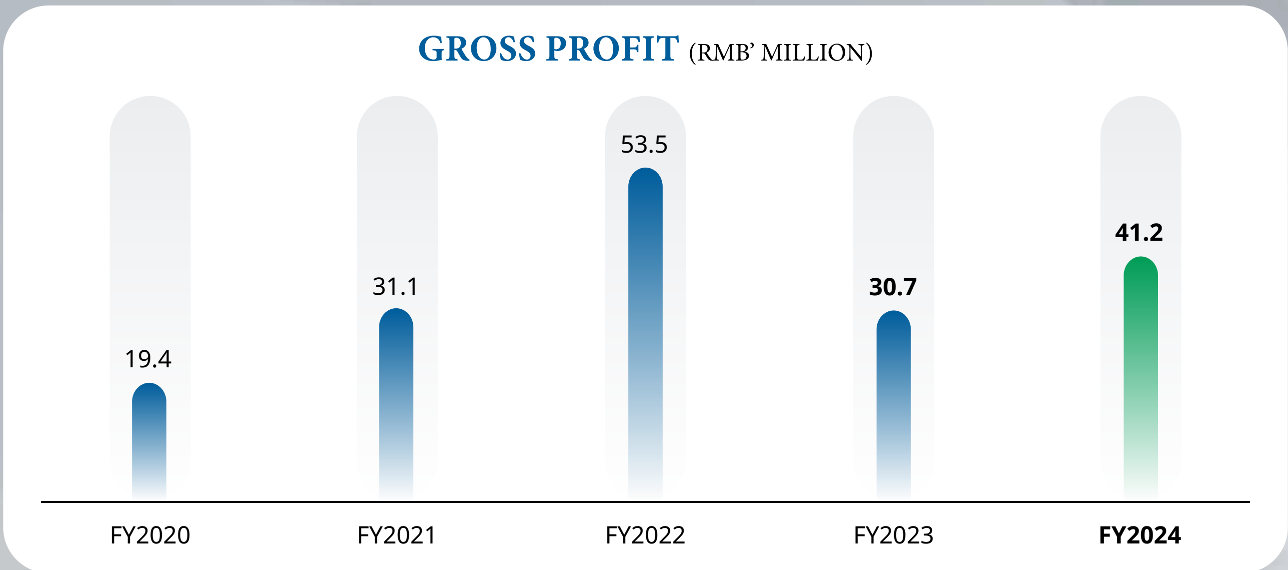
In closing, on behalf of my fellow directors, I would like to express my sincere gratitude to our customers, business associates, and employees for their contributions and faith in us. I would also like to extend my heartfelt appreciation to our valued shareholders, who have continued to support and trust the Group over the years. Together, we will build a stronger, more sustainable, and prosperous future.

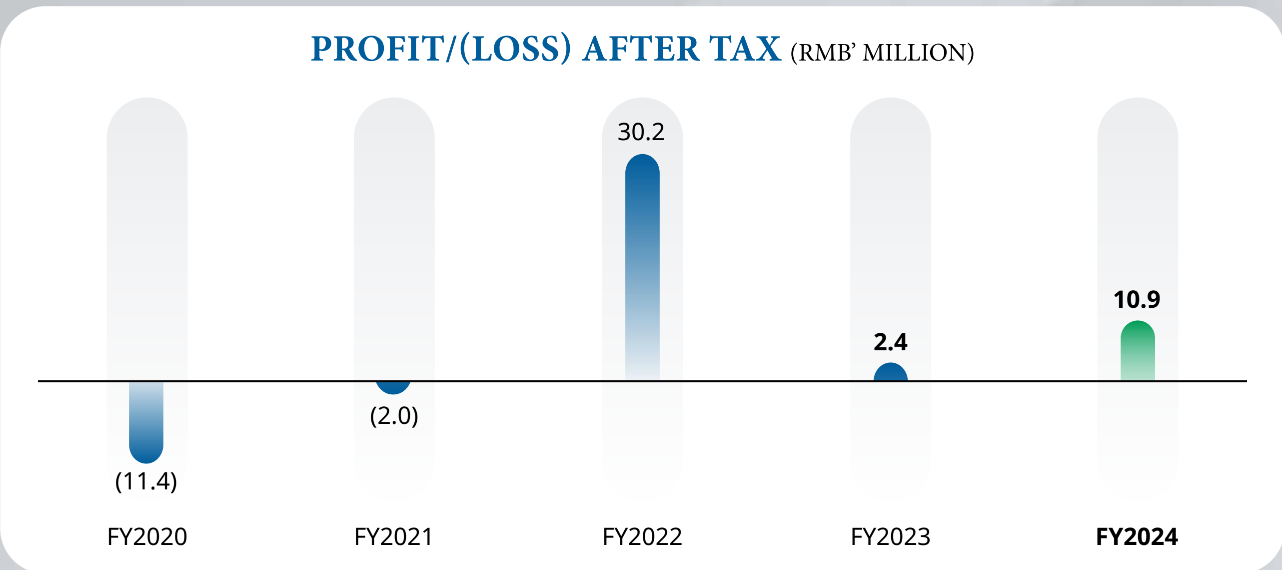
ZHENG ZHI ZHONG
CHIEF EXECUTIVE OFFICER &
EXECUTIVE DIRECTOR



FINANCIAL HIGHLIGHTS







OPERATIONS AND FINANCIAL REVIEW

YEAR IN REVIEW

FY2024 was an eventful year for the Group. Despite the persistent challenges faced such as weak consumer sentiments, trade tensions and geopolitical conflicts, we stayed focused and steadfast to unlock significant milestones. Through enhancing product diversity and strategic partnerships, we have not only deepened our foothold domestically like our foray into Guangxi, but also delivered our innovative products and solutions to new markets in Southeast Asia, Africa and Europe.

These strategic initiatives have allowed the Group to achieve revenue growth of 32.7%, from RMB133.7 million in FY2023 to RMB177.4 million in FY2024. Consequently, our net profit attributable to owners of the Company jumped by RMB8.5 million from a net profit of RMB2.4 million in FY2023 to a net profit of RMB10.9 million in FY2024.

REVENUE FROM CSC BUSINESS

Driven by greater efficiency and sales strategy, the Group secured, completed and delivered more projects in FY2024. This has led to an increase of RMB47.2 million or 45.3% in revenue for our CSC Business, from RMB104.1 million in FY2023 to RMB151.3 million in FY2024.

REVENUE FROM CATALYST BUSINESS

Conversely, revenue from our Catalyst Business dipped by RMB1.5 million or 8% from RMB19.8 million in FY2023 to RMB18.3 million in FY2024. This was mainly due to decrease of revenue from sales of ammonia catalysts and catalyst processing business.

REVENUE FROM ENGINEERING SERVICES

Similarly, with an overall weaker demand and lower revenue generated from our EPC services segment, revenue from our Engineering Services also declined by RMB2.0 million or 20% from RMB9.8 million in FY2023 to RMB7.8 million in FY2024.

GROSS PROFIT

In tandem with our overall revenue growth, our total gross profit increased by RMB10.5 million or 34% from RMB30.7 million in FY2023 to RMB41.2 million in FY2024. Our gross profit margin for both reporting years remain relatively the same at 23%.

Delving deeper and despite a fall in revenue from our Catalyst Business, the Group managed to see an increase of RMB1.5 million in gross profit for our Catalyst Business, from RMB5.9 million in FY2023 to RMB7.4 million in FY2024. This was mainly attributable to the higher revenue generated from hydrocarbon catalysts business in FY2024.

On the other hand, gross profit from our Engineering Services Business dropped by RMB1.3 million from RMB5.4 million in FY2023 to RMB4.1 million in FY2024. This was primarily attributable to the decrease of revenue from EPC services segment in FY2024.

Out of the three business segments, our CSC Business was the main growth driver, registering a surge in gross profit of RMB10.3 million from RMB19.4 million in FY2023 to RMB29.7 million in FY2024. This was mainly attributable to the increase in number of contracts in progress, higher percentage of completion for CSC contracts and increased revenue from patented technologies which contributed to a higher gross profit margin in FY2024.

OTHER INCOME & OPERATING EXPENSES

During the financial year, finance and other income increased by RMB1.6 million or 19% from RMB8.5 million in FY2023 to RMB10.1 million in FY2024. The increase was mainly due to write-back of advances from customers after the cancellation of contracts by the customers amounting to RMB1.0 million and rental income of RMB0.6 million.

Marketing and distribution expenses increased marginally by RMB0.2 million or 2% from RMB6.6 million in FY2023 to RMB6.8 million in FY2024. The increase was mainly attributable to the increase in sales staff's salary and bonus amounting to RMB0.4 million and after-sales maintenance of RMB0.2 million, which is partially offset by the decrease in promotional expenses amounting to RMB0.4 million in FY2024 as compared to FY2023.

In contrast, administrative expenses decreased by RMB1.6 million or 7% from RMB22.4 million in FY2023 to RMB20.8 million in FY2024. This was primarily attributable to reduced unallocated manufacturing overheads allocated of RMB2.3 million, lower safety cost, decreased factory repair and maintenance fees, but were partially offset by higher salaries, bonuses and fees, higher staff welfare and increased staff compensation fees.

Similarly, research expenses was lowered by RMB1.3 million or 16% from RMB8.0 million in FY2023 to RMB6.7 million in FY2024. This was mainly attributable to lower expenses incurred for carbon monoxide ("CO") split shift reactor improvement.

With a better financial performance, income tax expenses increased by RMB0.7 million from a RMB0.2 million of income tax credit in FY2023 to an income tax expense of RMB0.5 million in FY2024. This was mainly due to higher profits from the Group's subsidiary in FY2024, where income tax expenses amounted to RMB1.3 million. There was also a provision of withholding income tax on dividend in foreign jurisdiction of RMB0.5 million. These income tax expenses were then offset by overprovision of income tax amounting to RMB1.3 million in respect of previous financial years.

FINANCIAL POSITION

The Group's non-current assets decreased by RMB4.9 million or 9% from RMB56.0 million as at 31 December 2023 to RMB51.1 million as at 31 December 2024. Non-current assets comprised property, plant and equipment, investment property, intangible assets, right of use asset and prepayments.

Property, plant and equipment decreased by RMB5.0 million or 12% from RMB41.8 million as at 31 December 2023 to RMB36.8 million as at 31 December 2024, mainly due to depreciation charges of RMB7.2 million. This was partially offset by additions during the year.

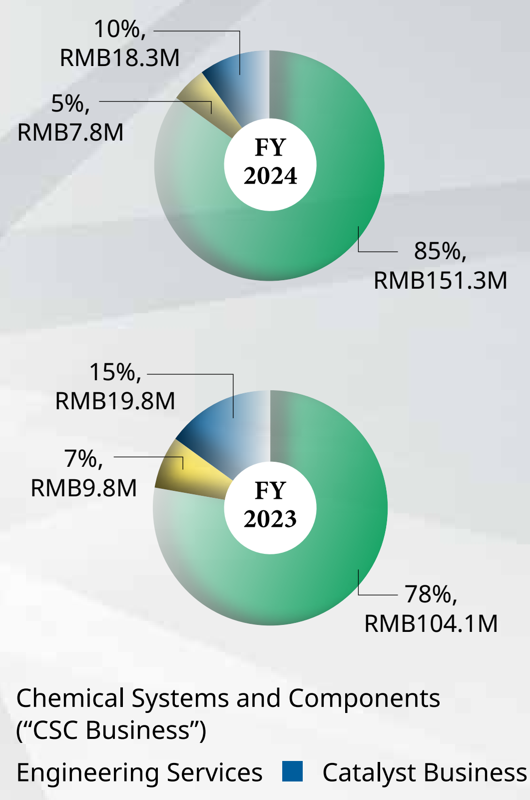
In comparison, current assets increased by RMB26.4 million or 8% from RMB338.9 million as at 31 December 2023 to RMB365.3 million as at 31 December 2024. The increase was mainly due to the increased contract assets of RMB15.2 million; the increase in prepayments of RMB1.6 million, and partially offset by lower inventories of RMB1.0 million; the decrease in bills receivable of RMB6.2 million; and lower cash and bank equivalents of RMB2.1 million.

Current liabilities also increased by RMB10.6 million or 11% from RMB95.7 million as at 31 December 2023 to RMB106.3 million as at 31 December 2024. This increase was primarily attributable to the increase in trade and other payables of RMB17.8 million; VAT payables by the subsidiary and withholding income tax payables; the increase in other liabilities of RMB1.9 million, and partially offset by the decrease in contract liabilities of RMB7.8 million, as well as the decrease in income tax payable of RMB1.23 million.

CASH FLOW

During the year under review, the Group reported a net cash inflow from operating activities of RMB21.5 million mainly due to operating income before changes on working capital of RMB22.0 million, along with the receipt of interest of RMB2.9 million. This was offset by a net decrease in working capital of RMB2.2 million and tax payments of RMB1.2 million.

REVENUE BY BUSINESS SEGMENT



The net cash provided by investing activities was RMB23.6 million primarily due to a net placement of fixed deposits of RMB20.0 million and investments in fixed and intangible assets totaling RMB3.6 million.

There were no cash inflows or outflows related to financing activities during the year.

SETTING SIGHT FOR THE FUTURE

Looking ahead, the global economy presents a complex and dynamic landscape characterised by both uncertainties and opportunities. The push for sustainability remains strong, with businesses and governments increasingly prioritising green initiatives.

As of 31 December 2024, the Group's order book remained strong at approximately RMB130.0 million, out of which RMB56.8 million was from non-fertiliser industries. We believe that our environmentally-friendly products and solutions will position us in good stead, creating new markets and boosting our order book. We will remain adaptable, and harness opportunities for greater growth and innovation.

BOARD OF DIRECTORS

XIE MING

Non-Independent, Non-Executive Chairman
Appointed on 2 November 2009

Xie Ming is our Non-Independent Non-Executive Chairman and was last re-elected as a Director on 25 April 2022. She was re-designated from Executive Director and CEO to Executive Chairman on 1 June 2018. Subsequently, she was re-designated to Non-independent Non-executive Chairman on 1 December 2020. She worked for specialty chemical companies and a research institute in the USA for 13 years prior to joining Anchun, first as an analytical chemist in the Health & Science Center of Louisiana State University, the research laboratory of INVISTA and then as a Sr. Chemist for Champion Technologies. Xie Ming earned her EMBA from Rice University, USA in May 2013. She holds a Bachelor's Degree in Specialty Chemical Engineering from Jiangsu Institute of Petrochemical and Chemical Engineering, China and a Master Degree in Science from Department of Chemistry, The University of Louisiana at Monroe, USA.

ZHENG ZHI ZHONG

Executive Director and Chief Executive Officer
Appointed on 1 June 2014

Zheng Zhi Zhong is our Executive Director and Chief Executive Officer ("CEO") and was last re-elected as a Director on 26 April 2023. He is responsible to execute the strategic business directions set by the Board, oversee the daily operations and business development of the Group, manage and lead the project management department. He was re-designated from Executive Director and Chief Operating Officer to Executive Director and CEO on 1 June 2018. He is currently the Legal Representative of the PRC subsidiary of the company, Hunan Anchun Advanced Technology Co., Ltd ("Hunan Anchun"). He has more than 30 years of extensive experience working in the industry and gained expertise in the areas of chemical engineering process design and programming, instrumentation and control system, information management, project management, reactor manufacture, marketing and sales. He started his career with Hunan Anchun in 1993 as a Process Technology Programmer. Leveraging on his computer science knowledge, he worked closely with chemical engineers to develop the first generation computation software for Anchun's key technologies. His main contribution includes the process design and programming of "IIIJ D Type Adiabatic Inner-cooling Split-flow Internals of Ammonia Synthesis Reactor" and "Process and Application of Syn-gas Purification AlcoholHydrocarbon Technology", which won the National Scientific and Technological Progress Award (2nd-highest honours). Zheng Zhi Zhong is a certified Senior Engineer. He assumed the roles of IT Manager, Project Manager, Assistant General Manager, Deputy Manager and Executive manager in the past 30 years with Hunan Anchun. He also holds some social posts, including Standing Director of China Nitrogen Fertilizer Industry Association, Standing Director of Hunan Association for Science and Technology, Standing Director of Hunan Petroleum Association and Vice President of Hunan Petroleum and Chemical Industry Association. He holds a Bachelor's Degree in Computer Science and Technology from Shenyang Industrial University.

DAI FENG YU

Executive Director
Appointed on 9 September 2010

Dai Feng Yu is our Executive Director and was last re-elected on 26 April 2023. She is responsible for overall research and development ("R&D") including provision of basic supporting technologies, initiating new R&D projects and management of the company's proprietary intellectual property rights. She has more than 30 years of experience in the chemical industry. Between 1988 and 1993, she was a R&D staff in Changsha Chromic Salts Factory responsible for catalysts quality improvement and new product development. Between 1993 and 1998, she was head of the laboratory of Anchun Energy Saving and was responsible for the research and development of catalysts as well as the introduction of catalysts to the market. In 1998, when operations of Anchun Energy Saving ceased and Hunan Anchun was established, she remained The Head of the Laboratory of Hunan Anchun and was subsequently promoted to Deputy General Manager to be in charge of the overall R&D matters and management of Hunan Anchun's proprietary intellectual property rights in 2002. She holds a Bachelor's Degree in Industrial Catalyst from East China University of Science and Technology (formerly known as the East China Institute of Chemical Technology). She was qualified as a registered senior engineer in 2001. She is also an expert database member of the National Energy Conservation Center and a standing director of the China Chemical Industry Environmental Protection Association. The significant awards that Dai Feng Yu has won include the 2003 National Scientific and Technological Progress Award (2nd-highest honours) by the State Council in 2004, the Excellent Engineering Consultancy Award (2nd-highest honours) by the China Petroleum and Chemical Engineering Survey and Design Association in 2006, the Outstanding Individual of Hunan Province contributed to scientific and technological progress by the Economic Committee of Hunan Province in 2008, and the 2016 China Nitrogen Fertilizer Industry Technology Progress Award (First-prize) by China Nitrogen Fertilizer Industry Association.

XIE DING ZHONG

Non-Executive Director
Appointed on 2 November 2009

Xie Ding Zhong is our Founder, Non-Executive Director, and member of the Nominating Committee, and was last re-elected as a Director on 25 April 2022. He was re-designated from Non-Executive Chairman to Non-Executive Director on 1 June 2018. He has accumulated more than 40 years of experience in the chemical industry. Between 1961 and 1974, Xie Ding Zhong was a lecturer in the chemical engineering faculty of Hunan University. From 1975 to 1976, he was a technician in Dongting Nitrogen Fertiliser Factory. Between 1976 and 1993, he was the chief engineer in Fertiliser Industry Company of Hunan Province, where he took charge of the production, R&D and system design of the small-sized nitrogen fertiliser manufacturers and provided solutions to technological problems as well as promoted technical innovation in Hunan Province. Between 1993 and 1998, he was the legal representative and general manager cum general engineer of Anchun Energy Saving in charge of the overall operations and management. In 1998, when operations of Anchun Energy Saving ceased, he set up Hunan Anchun with our founding management team and then employees to carry on the business, and he has since then been the legal representative and general manager cum general engineer responsible for directing the strategic directions and growth of Hunan Anchun. Xie Ding Zhong graduated with a Bachelor's degree in Chemical Engineering from Hunan University in 1961. In November 1999, he was qualified as a registered senior engineer (research fellow), which is the highest rank of engineers in the PRC. He has won numerous awards at the national, provincial and city levels in recognition of his achievements and contribution to the chemical industry. The significant awards that Xie Ding Zhong had won include the National Scientific and Technological Progress Award (2nd-highest honours) by the National Science and Technology Committee of PRC in 1995, and the 2003 National Scientific and Technological Progress Award (2nd-highest honours) by the State Council in 2004, which is regarded as one of the most prestigious awards in the PRC in recognition of achievement and contribution to scientific and technological progress. In addition, in recognition of his contributions towards the development of engineering technology in the PRC, he has been entitled to a special subsidy granted by the State Council since 1991.

HE MING YANG

Independent Director
Appointed on 1 January 2019

He Ming Yang is our Independent Director, Chairman of Nominating Committee and member of Remuneration Committee. He was last re-elected on 25 April 2024. He is the Professor of the School of Petrochemical Engineering at Changzhou University from July 2006 to present, Dean of the School of Petrochemical Engineering at Changzhou University from March 2010 to April 2017. He researched on Synthesis, structure, properties and application of ion exchange polymer catalyses, Fine chemicals cleaning production processes and technologies and Clean environment and energy-related metal-organic framework material. The project of Professor He Ming Yang researched was awarded the National Scientific and Technological Progress Award (2nd-highest honors) in 2006. He regularly contributes professional articles on national newspapers, periodicals and publications. He has also gotten many patents.

SAN MENG CHEE

Independent Director
Appointed on 25 April 2024

San Meng Chee is our Independent Director and appointed to our Group on 25 April 2024. He also the Chairman of the Audit Committee and member of Nominating Committee.

He is a senior professional with over 30 years of experience in accounting, finance and corporate affairs in various industries.

He is currently the Chief Financial Officer ("CFO") of Mencast Holdings Ltd., a company listed in Catalist Board of SGX-ST. He is responsible for the Company's financial activities, investor relations and all aspects of treasury, corporate governance, finance and accounting functions. He was CFO of New Toyo International Holdings Ltd from May 2015 to February 2017 and Superior Multi-Packaging Limited from September 2006 to August 2013.

He has also served on the boards of several public companies listed on the SGX-ST as an Independent Director between 2014 to 2020. He holds a Bachelor of Business in Accounting from Edith Cowan University in Western Australia and is a CPA member with CPA Australia.

TAN WEI SHYAN

Independent Director
Appointed on 25 April 2024

Tan Wei Shyan is our Independent Director and appointed to our Group on 25 April 2024. He also the Chairman of the Remuneration Committee and a member of the Nominating Committee and Audit Committee. He is presently a partner at Shook Lin & Bok LLP, a firm of advocates and solicitors in Singapore, and has over 20 years of experience in the legal profession. His legal practice focuses on corporate finance and securities transactions, including initial public offerings (IPOs), dual/secondary listings, strategic investments, corporate restructuring, fund-raising exercises and securities regulation compliance by public listed companies. He is also active in commercial transactions covering various areas of corporate practice, including joint ventures and acquisitions and disposals of corporate assets involving public and private companies.

Prior to joining Shook Lin & Bok LLP in 2005, he practised as a legal associate at Ang & Partners, a firm of advocates and solicitors in Singapore. He currently also serves as an Independent Director of JEP Holdings Ltd., a company listed on the Catalist Board of SGX-ST. He also a member of the Sengkang West Citizens' Consultative Committee and was a member of the Inquiry Panel of the Singapore Law Society from 2011 to 2024.

He graduated with a Bachelor of Laws (First Class Honours) from the University of Exeter in 2001 and was admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 2003.

WANG HE MING

Independent Director
Appointed on 25 April 2024

Wang He Ming is our Independent Director and appointed to our Group on 25 April 2024. He also a member of the Audit Committee.

Currently, he is a Director of Science and Technology Department of China Datang Corporation Ltd. ("Datang Group") since 2020 and is also the Chief Engineer of Xinjiang Energy Co., Ltd., a company incorporated in People Republic of China ("PRC") since 2023. He is primarily responsible for the technical management and innovation of chemical projects, enabling the company to achieve stable production and operation.

He was previously appointed as Executive Deputy General Manager of a subsidiary of Datang Group from 2017 to 2020 and has more than 30 years of experience in the chemical engineering industry. He possesses knowledge of various domestic and international chemical process technologies and able to grasp the crucial and challenging aspects of production and operation that associated of each technology.

He holds a Diploma of Applied Chemistry Industrial Analysis from Beijing University of Chemical Technology in 1988 and qualified as a registered senior engineer (research fellow), which is the highest rank of engineers in the PRC. He has leading and management experience in multiple large-scale projects at the three major energy giants in PRC including Datang Group. Also, he has obtained several technological inventions patents in coal-to-oil and coal chemical industry, which have successfully resolved many technical challenges in the chemical engineering industry. He also demonstrates strong government coordination, production management, team management/leadership and enterprise efficiency creation capabilities.

KEY EXECUTIVES

HE ZU BING

Chief Financial Officer

He Zu Bing is our Chief Financial Officer and was appointed to our Group on 20 March 2019. He is responsible for our Group's overall finance and accounting functions. He has over 18 years of finance management experience. He worked as the Cost Accountant, General Ledger Accountant, Purchaser Member of Production Group and Deputy Financial Controller in Hunan Anchun since July 2010. He worked as the Accounting Manager in Hunan Guoda Investment Co., Ltd for more than 4 years since 2006. He has experience in enterprise finance management, accounting, tax, investment and finance management and internal control. He holds a China Certified Public Accountant certificate, and also possess the intermediate Accountants Certificate.

LI JUAN

Financial Controller

Li Juan is our Financial Controller and was appointed to our Group on 16 May 2017. She is responsible for our Group's overall finance management and financial reporting, financial planning and analysis, business support and corporate strategic objectives management. She has more than 13 years of experience in accounting, management reporting, financial control, treasury management, corporate and risk management, performance management, investor relations and tax compliance in China. She worked as the General Ledger Supervisor in corporations for more than 4 years since 2014. She has experience in accounting, tax, financing management and internal control. Li Juan got the China Certified Public Accountant certificate in August 2014, and the US Certified Management Accountant certificate in December 2015. Li Juan also obtained the financial management training course-completion certificate from School of Economics, Peking University in November 2023.

ZHONG XU GUANG

Technology Director

Zhong XuGuang is our Technology Director, responsible for technology development and innovation. He has 18 years of experience in chemical and related industries. After graduation in 2006, he had been engaged in the inspection and design of pressure vessels. In 2009, He joined Hunan Anchun as a design engineer. Since then, he has been engaged in product design, product research and development, technology management and human resources management.

He graduated from Nanchang University with a Master Degree in Chemical Process Equipment in 2006 and was qualified as an intermediate engineer in 2010. He has won the Outstanding Engineer of Petrochemical Industry awarded by Hunan Petroleum Society in 2013 and the Outstanding Contribution Award (1st-highest honours) awarded by our company in 2015.

XIE FANG HUA

Manufacture Director

Xie Fanghua is our Manufacturer Director, responsible for equipment manufacture and quality control department. She has more than 21 years of experience in chemical equipment industry. Between 1994 and 1996, she was an product design engineer in Hunan Yiyang City Chemical Machinery Factory. Thereafter, she was head of the product design department of Hunan ILIDA Industrial Co., Ltd responsible for the design of large boilers and pressure vessels in petroleum refining and chemical industry between 1997 and 2009. She joined in Hunan Anchun in 2009, successively served as Deputy Minister of Quality Control Department, Deputy Manager of Equipment Manufacture Factory, Manager of Equipment Manufacture Factory and General Manager Assistant,and was promoted to Deputy General Manager in 2023 to take charge of quality control and the manufacture management of the chemical equipment products.

She graduated from Xiangtan University with a Bachelor's Degree in Chemical Machinery in 1994. She obtained pressure vessel design review qualification issued by China Standardization Committee on Boilers and Pressure Vessels in 2010. She was qualified as a registered senior engineer in 2011. She participated in the research and development of intelligent oilfield phase change heating furnace and won Changsha City Scientific Progress Award (2nd-highest honours) in 2009.

FANG GUO

Marketing Director

Fang Guo is the General Manager Assistant who oversees the operation of the marketing division of the Group. He has 13 years of experience in the chemical related industry. After his graduation in 2012, he joined Hunan Anchun Advanced Technology Co., Ltd. as a Chemical Process Design Engineer. Since then, he focused on technology, engaged in process design, product research and development and technology management. In July 2024, he was promoted to General Manager Assistant.

He graduated from Beijing University of Chemical Technology in 2012 with a Master's Degree in Chemical Engineering and Technology and was qualified as senior engineer in 2021. He also acts as an external expert to Hunan Special Equipment Association and Hunan Emergency Management Department, and as a Board member of the 13th Council of Hunan Chemical Society. Since 2019, he took some initiatives to assist in managing the company's committees' affairs and was subsequently elected as secretary of the company's committee in October 2024.

SUSTAINABILITY REPORT

1. BOARD STATEMENT

We are pleased to present our annual Sustainability Report (the "Report") of Anchun International Holdings Ltd. (the "Company" or "Anchun") and together with its subsidiaries (collectively known as "Group" or "we") for the financial year ended 31 December 2024 ("FY2024"). This Report provides an overview of the Group's commitment and approaches towards sustainability and key economic, environmental, social and governance ("EESG") related initiatives and performances.

Sustainability is a part of the Group's wider strategy to create long-term value for all its stakeholders. The Board of Directors of the Company (the "Board") determines the material EESG factors, oversees the management and monitoring of these factors and takes them into consideration in the determination of the Group's strategic sustainability direction and policies. In addition, the Board has the ultimate responsibility for the Group's sustainability reporting. Under the Board's delegation, the management of the Group assists the Board in identifying and managing the Group's material EESG factors, collecting and analysing EESG-related metrics, implementing sustainability strategies, and monitoring and reviewing EESG-related targets. The management of the Group will report to the Board on the Group's EESG performance and their suggestion regularly.

Our sustainability report is a testament to our efforts to manage sustainability issues and conduct business responsibly. We have relied on internal data monitoring and verification to ensure the accuracy of data and information. This Report has undergone the internal review process of the Group and was reviewed by the Board. We have engaged an internal auditor to perform an internal review of our sustainability report process. We have not sought external assurance for this Report. We acknowledge the importance of external assurance on a sustainability report and plan to seek assistance in the future.

We welcome feedback from our stakeholders with regard to our sustainability efforts as this enables us to consistently improve our policies and performance. Please send your comments and suggestions to info@anchun.com.

28 March 2025

2. REPORTING FRAMEWORK

This Report has been prepared in accordance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rule 711A and 711B, and with reference to the Practice Note 7.6 Sustainability Reporting Guide issued by the SGX-ST. This Report is in line with SGX-ST's 'comply or explain' requirements for sustainability reporting. This Report has also been prepared with reference to the Global Reporting Initiative ("GRI") Standards 2021. GRI Standards are chosen as the standards as they are globally recognised standards which provide a comprehensive framework for measuring, monitoring, and reporting on our key EESG-related initiatives carried out throughout 12 months from 1 January to 31 December 2024. In articulating our approach, we have applied the GRI principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability. In terms of climate-related disclosures, this Report adopts the recommendations of the Taskforce on Climate-related Financial Disclosures ("TCFD") as required by SGX-ST. Please refer to pages 35 to 38 on the GRI Content Index and TCFD Content Index for details.

3. REPORTING SCOPE

Corresponding to GRI's emphasis on materiality, the Report highlights the key EESG-related performance and initiatives carried out by the Group during FY2024, which is the same as the reporting scope of this Annual Report.

4. SUSTAINABILITY APPROACH

STAKEHOLDERS ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and material factors relevant to our business. The interests and requirements of key stakeholders are also considered when formulating corporate strategies. These key stakeholders include but are not limited to employees and labour unions, customers and consumers, suppliers and service providers, investors and shareholders, local communities, government and regulators, and trade associations.

We adopt both formal and informal channels of communication to understand the needs of key stakeholders and incorporate these into our corporate strategies to achieve mutually beneficial relationships.

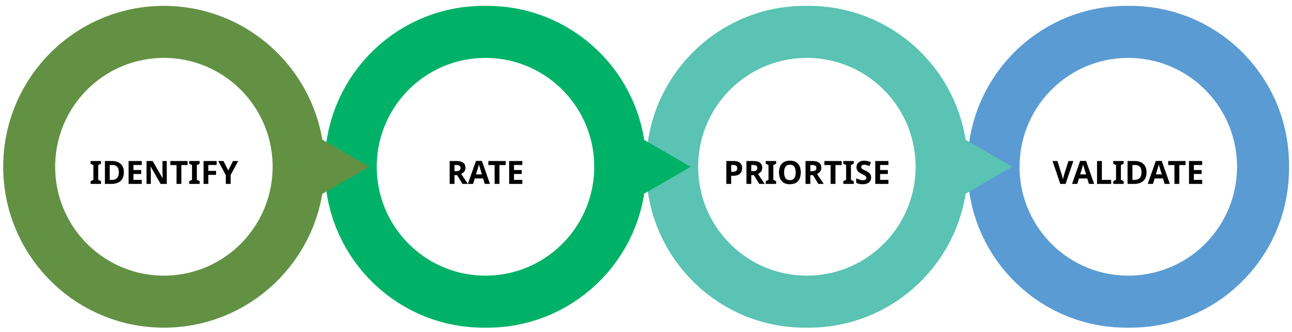
Our Sustainability Methodology

Stakeholders	Engagement Platforms	Frequency of Engagement	Key Concerns Raised
Employees and labour unions	Townhall sessions Open dialogues among teams Intranet portal	Annually Monthly Ad-hoc	Compensation including annual increments Health and safety Training

Stakeholders	Engagement Platforms	Frequency of Engagement	Key Concerns Raised
Customers and consumers	Hotline Email queries Customer visit Onsite audit Customer survey	Ad-hoc Ad-hoc Quarterly Annually Annually	Product safety Health and safety Customer service
Suppliers and service providers	Face-to-face meetings Annual review and feedback sessions	Weekly Annually	Positive relationship Contract, credit and payment terms
Investors and shareholders	Annual report Annual General Meeting Corporate announcements and financial results announcements Informal discussion	Annually Annually Semi-annually Ad-hoc	Business growth and opportunities Business performance
Local communities	Face-to-face meetings Various social events	Ad-hoc Quarterly	Impact to community
Government and regulators	Face-to-face meetings Regular reports Participation in discussions	Ad-hoc Quarterly	Compliance to regulations
Trade associations	Engagements through business partnerships Leading working groups in industry associations	Quarterly Annually	Contribute and support the development of industries

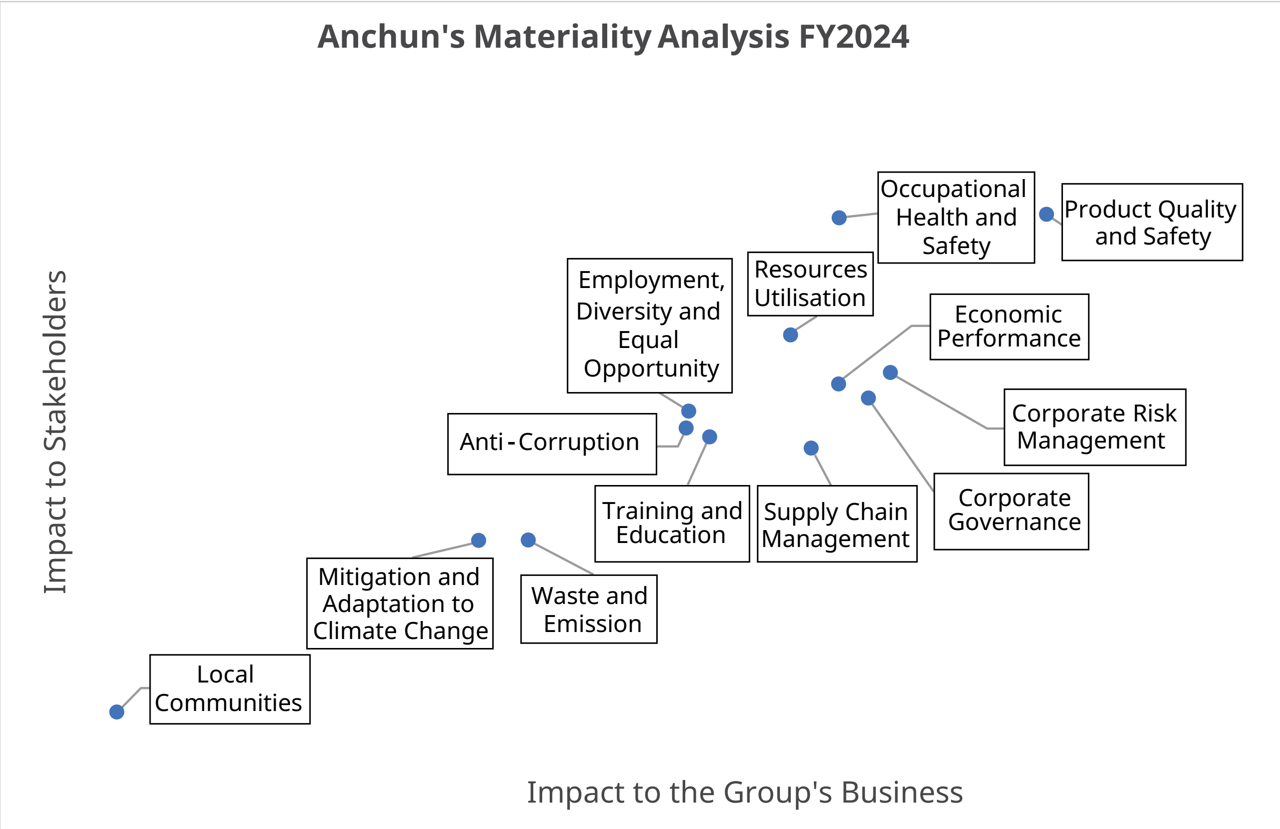
MATERIALITY ASSESSMENT

Our sustainability process begins with the identification of material factors. When identifying material factors, we take global and local emerging sustainability trends, material factors identified by industry peers, industrial best practices, sustainability reporting frameworks and the guidance from SGX-ST Practice Note 7.6 into consideration. After these factors are identified, material factors are rated based on the significance of their impact on the Group's business operation and stakeholders. After further evaluation and analysis, the selected factors will become our prioritised material factors. The result of this process is a list of material factors disclosed in the sustainability report, processes of which are as shown below:



The Group has conducted a materiality assessment in FY2024. We engaged different stakeholders and sought feedback from stakeholders via online surveys to prioritise these material factors. Such materiality review will be conducted every year, incorporating inputs gathered from stakeholders' engagement.

Applying the guidance from SGX-ST Practice Note 7.6, we have identified the following as our material factors:



5. ECONOMIC

ECONOMIC PERFORMANCE

Anchun specialises in integrated chemical systems engineering, environmental system engineering and technology solutions that are environmentally friendly and energy-efficient to the petrochemical and chemical industry in the People's Republic of China ("PRC"), in particular ammonia and methanol industries.

The Group is committed to growing our customers, exceeding our customers' expectations and providing them with competitive edge products by enhancing operational efficiency. The Group incorporates the effective use of technology, develops performance measures, communicates outcomes and results and implements necessary changes to provide fast and high-quality services at a competitive transactional cost.

For detailed financial results, please refer to the following sections in this Annual Report:

- Financial Highlights, page 7
- Operations and Financial Review, pages 8 and 9
- Financial Statements, pages 95 to 148

FY2024 was a significant year for Anchun, marking our 31st anniversary and a period of transformation. Looking back, we successfully navigated the challenges of the global market and industry landscape, demonstrating resilience, innovation, and sustained growth.

We continued to achieve significant milestones across various fronts in the past year. Our relentless pursuit of innovation has driven the development of cutting-edge solutions that address the evolving needs of our customers, while enhancing our competitive market position. Through strategic investments in research and development, we obtained 6 new patents in FY2024, including 4 invention patents and 2 utility model patents, thereby expanding our portfolio of proprietary technologies. These enabled us to offer products and services that deliver superior performance and value.

The Group has continued its efforts to diversify into non-fertiliser industries, which has resulted in revenue of approximately RMB87.4 million for FY2024, representing approximately 49% (RMB99.8 million for FY2023, representing 75%) of the total revenue. The Group will continue to remain vigilant over its cost structure and its research efforts.

The Group's order book as of 31 December 2024 was approximately RMB130.0 million (31 December 2023: RMB175.1 million), of which RMB56.8 million (31 December 2023: RMB69.9 million) is from the non-fertiliser industries.

The Group's integrated strengths in engineering design, equipment manufacture, catalyst and technological capabilities will continue to drive sustainable growth. With the accelerated pace of the energy transformation and shift in the energy consumption structure, green ammonia, green methanol and green hydrogen are set to become increasingly popular. We will continue to build upon our research and development efforts as we explore new areas of uses and applications for our various patented technologies to bring solutions that have increasing relevance in the world today.

We recognise the importance of environmental stewardship, and as such, we implemented robust initiatives to minimise our ecological footprint and promote responsible practices throughout our value chain. By prioritising sustainability, we not only mitigate risks but also unlock new opportunities for growth and innovation. With a strong foundation, a talented team, and a clear strategic vision, we are well-positioned to drive sustainable growth and create long-term value for our stakeholders.

Financial Year Ending 31 December 2025 ("FY2025") Target:

- To grow our customers and exceed their expectations and provide them with competitive edge products;
- To optimise isothermal conversion technology continuously;
- To develop and apply green ammonia and green alcohol technologies; and
- To expand and implement international project development.

6. ENVIRONMENTAL

ENVIRONMENTAL COMPLIANCE

The Group recognises the potential impact of its business operations on the environment and is committed to environmental conservation and compliance of all applicable environmental laws and regulations. During FY2024, there were zero (FY2023: Nil) incidents of non-compliance with environmental laws and regulations resulting in significant fines or sanctions.

Adhering to the principle of "green and energy conservation, work together for win-win", the Group has established policies to manage its environmental impact. The Group is certified with ISO 14001 "Environmental Management System" qualification. In order to mitigate the environmental impact produced by the Group's operations, the Group has adopted different measures which will be outlined in the following sections.

At Anchun, we have been adhering to local and international environmental guidelines. Our production facilities and processes have been awarded for engineering design with a focus on the environment:

- Class A Engineering Design (Ministry of Housing and Urban-Rural Construction, PRC)
- Class A Environmental Engineering Design (Ministry of Housing and Urban-Rural Construction, PRC)
- Pressure Pipeline Design (General Administration of Quality Supervision, Inspection and Quarantine, PRC)
- Pressure Vessel Design (State Administration for Market Regulation, PRC)
- Pressure Vessel Manufacture (State Administration for Market Regulation, PRC)
- ASME U Mark Certificate Pressure Vessel Manufacture (The American Society of Mechanical Engineers)
- ASME U2 Mark Certificate Pressure Vessel Manufacture (The American Society of Mechanical Engineers)

RESOURCES UTILISATION

The Group is fully aware of its responsibilities for nurturing the environment and reducing negative environmental impacts at our worksites and the environment where we operate. We monitor our resource consumption at our workplaces to ensure that we use our resources economically, meaningfully, and responsibly.

The Group recognises the preciousness of water resources and is dedicated to conserving water resources. The Group does not generate a significant amount of sewage from its manufacturing, major sources of its sewage are daily water usage from employees and cleaning water. We have implemented the following methods to conserve water resources:

1. Install septic tank, grease trap and filter in toilet and canteen to filter oil and contaminants in wastewater and carry out basic sewage treatment;
2. Prohibit the use of phosphates-containing detergent;
3. Collect and treat the sewage generated when cleaning the outside of equipment before discharge;
4. Prohibit placing raw material and waste in outdoor areas to prevent contaminating storm drains; and
5. Invite professional environmental-monitoring institutions to inspect the quality of sewage discharged annually, in order to ensure its quality complies with national standards on wastewater quality.

All the water consumption of the Group was supplied by the local water department, the Group did not withdraw water from the water body directly. In FY2024, the Group consumed 41,420 m^3 of water (FY2023: 32,500 m^3), and all consumed water was discharged to the municipal sewage treatment system.

The principal sources of the Group's energy consumption were petrol consumption by vehicles, diesel and natural gas consumption by machinery as well as purchased electricity. The Group aims to minimise the environmental impacts resulting from its operations by identifying and adopting appropriate measures. Energy-saving policies, measures, and practices have been developed to show our commitment to improving energy efficiency.

We started to collect data on fuel consumption by vehicles and machinery in FY2024. The fuel consumption of the Group in FY2024 was approximately 9,291 GJ (FY2023: 7,112 GJ). The electricity consumption in FY2024 was approximately 7.22 million kWh (FY2023: 7.08 million kWh), which is equal to approximately 25,975 GJ (FY2023: 25,497 GJ). The electricity consumption intensity was approximately 0.04 million kWh/million RMB revenue (FY2023: 0.05 million kWh/million RMB revenue). The electricity consumption in FY2024 is lower than the target of 7.50 million kWh we set for FY2024. The total energy consumption of the Group in FY2024 was approximately 35,266 GJ (FY2023: 32,609 GJ), with an intensity of 198.83 GJ/million RMB revenue in FY2024 (FY2023: 244.04 million GJ/million RMB revenue).

The measures we took to reduce electricity consumption were as follows:

1. Set the upper and lower limits for the temperature of the air-conditioner;
2. Change the light bulb in the manufacturing area to prioritise the usage of LED lights to increase the lighting level;
3. Procure energy-saving machines when their capability and price match the requirement;
4. Turn off the lights, computer, printer, and machinery during lunch break and when unattended;
5. Arrange regular inspections on the implementation of energy conservation initiatives in different departments;
6. Monitor and record the electricity consumption data every month. Abnormal electricity usage will be investigated, reviewed and summarised; and
7. Perform regular inspections of electrical appliances to ensure their energy efficiency.

During FY2024, the Group engaged a third-party company to replace the tiles on the roof of the factories with skylight tiles to enhance natural lighting and reduce the electricity used for lighting.

FY2025 Target:

- To maintain total electricity consumption below 7.80 million kWh.

WASTE

Our daily operation produces hazardous wastes which fall under the Directory of National Hazardous Wastes of the PRC. The Group is dedicated to implementing the best practice of hazardous waste management. The hazardous wastes the Group generated are stored properly on erosion and leaching-proof surfaces with firefighting equipment equipped, and they are handled by qualified waste collectors regularly.

In accordance with the Measures for the Disclosure of Environmental Information by Enterprises and Public Institutions of the PRC, the Group has maintained and disclosed the record of its hazardous wastes, including the type of waste, quantity of disposal, way of storage and treatment, and internal emergency plans and the third-party waste collector in charge. The Group has also established an Emergency Reaction Plan for Hazardous Waste, which defines what an emergency is, the composition and duty of the emergency reaction team and the standardised procedures of emergency reaction.

During FY2024, the Group generated approximately 1 tonne of waste oil/water and hydrocarbon/water mixtures and emulsion (HW09) (FY2023: 1 tonne), approximately 280 kg of photographic material waste (HW16) (FY2023: 0 kg), and 2 tonnes of other hazardous waste (HW49) (FY2023: 1 tonnes), and did not generate wastes mineral oil and related waste (HW08) (FY2023: 1 tonne). Therefore, the total hazardous wastes generated by the Group were 3 tonnes (FY2023: 1 tonne). All have been handled by qualified third-party collectors and records of transactions are properly kept.

Non-hazardous wastes generated by the Group were mainly scrap metal and other leftover material from production. To minimise the environmental impacts from non-hazardous wastes generated from its business operation, the Group has implemented measures to manage different types of waste and launched different waste reduction initiatives. The Production Department is responsible for compiling a list of waste generated in the factory which include the category of waste, its collection and storage method and way of disposal. We identify soil pollution from waste as one of the key environmental factors and assess the potential environmental risk of various types of wastes generated by us, and thus we can understand our waste-related environmental risk and prioritise it against other environmental risk and impact. In the office, we encourage employees to conduct waste separation at the source and inculcate the habit of waste recycling, therefore it has placed recycling bins in accessible areas to encourage recycling as a daily practice.

During FY2024, there were approximately 102 tonnes of non-hazardous waste generated by the Group (FY2023: 125 tonnes), all of them were scrap metal and other leftover material from production. Recognising the recycling potential of scrap metal and other leftover material from production, we engaged a professional third party for handling all scrap metal.

FY2025 Target:

- To ensure 100% of hazardous waste is handled by a qualified third party.

MITIGATION AND ADAPTATION TO CLIMATE CHANGE

The Group acknowledges that the TCFD provides recommendations regarding the disclosure of climate-related financial information. We recognised that climate change would have a significant impact on our business operations and the community. We assessed the impact of key climate-related risks and opportunities and disclosed the adopted strategies under four overarching elements, including governance, strategy, risk management and metrics and targets.

Governance

The Board oversees the Group's strategies to manage climate-related issues to ensure the Group has implemented appropriate measures to enhance climate resilience, mitigate climate-related risks and capitalise on climate-related opportunities. It is also responsible for approving relevant objectives and targets and reviewing the Group's performance towards the targets set. Under the Board's delegations, the management of the Group is responsible for identifying and assessing the climate-related risks and opportunities, developing and implementing mitigation plans, relevant objectives and targets, and collecting and reviewing performance metrics against the objectives. The management of the Group reports to the Board on the Group's climate-related risk and opportunities and related strategy, metrics and targets regularly.

Strategy

Under the assistance of an external sustainability consultant, the management of the Group has carried out a scenario analysis to identify and evaluate the climate-related risk material to the Group based on the available information. Details of the scenario analysis are as follows:

Scope	The operation of the Group in Hunan, PRC	
Time Horizon	Short-term (1-3 year(s)) Medium-term (3-10 years) Long-term (10-30 years)	
Scenario Explored	High emissions scenario used for physical risk assessment: Intergovernmental Panel on Climate Change ("IPCC") Shared Socioeconomic Pathway ("SSP") 5-8.5	Low emissions scenario used for transition risk assessment: Network for Greening the Financial System ("NGFS") 1.5 °C Net Zero Emissions

The management of the Group evaluates the risk level (high, medium and low) of the identified climate-related risk based on the result of the scenario analysis. The risk level of the climate-related risks comprises 2 factors: likelihood and impact. The table below shows the Group's understanding of its most significant climate-related risks over the short-, medium- and long-term based on the result of scenario analysis and the corresponding mitigation measures:

Physical Risk			
Description of Risk and Financial Impact	**Time Horizon**	**Risk Level**	**Risk Management**
Acute Physical Risk: Extreme Weather Events - Floods/Urban Waterlogging The frequency and severity of local extreme weather events are increasing, such as more frequent floods and resulting urban waterlogging. This may lead to issues such as factory facilities being submerged, production line interruptions, damage to raw materials, production halts, etc., impacting production and delivery. Consequently, this can have a negative impact on the Group's profitability and reputation.	Long-term	Slightly dangerous	1. To establish an ESG working group and clarify the roles and responsibilities; 2. Regularly inspect the Group's infrastructure, find hidden risks and rectify them immediately; 3. Consider granting employees leave during extreme weather conditions; and 4. Ensure that raw materials are not overly concentrated in our place by diversifying procurement sources.
Acute Physical Risk: Extreme Weather Events - Heavy Rain The frequency and severity of local extreme weather events are increasing, such as more frequent heavy rains. This could result in transportation disruptions, logistics delays, damage to production facilities, supply chain interruptions, increased maintenance and recovery costs, thereby negatively affecting the Group's profitability.	Short to long-term	Slightly dangerous	
Acute Physical Risk: Extreme Weather Events - Extreme High Temperatures The frequency and severity of local extreme weather events are increasing, such as more extreme high temperatures. This could lead to equipment overheating, decreased production efficiency, increased energy consumption, equipment damage, increased maintenance costs, and the need for more energy for cooling to ensure employee safety. These events will negatively impact the Group's profitability.	Short to long-term	Slightly dangerous	
Acute Physical Risk: Extreme Weather Events - Wildfires The frequency and severity of local extreme weather events are increasing, such as more frequent wildfires. This could result in decreased air quality, factory closures, employee health issues, production interruptions, increased insurance costs, creating production and financial pressures for the company, thereby negatively impacting the Group's profitability.	Long-term	Slightly dangerous	

Physical Risk			
Description of Risk and Financial Impact	**Time Horizon**	**Risk Level**	**Risk Management**
<u>Chronic Physical Risk: Water Shortage-Induced Water Source Pressure</u> The Group's business includes the production of chemical products, which require a significant amount of water resources for cooling, cleaning, and other purposes during the production process. With climate change, water supply may decrease due to changes in rainfall patterns and glacier melting, leading to insufficient water resources for production, affecting the production of chemical products and thereby negatively impacting its profitability.	Medium to long-term	Slightly dangerous	To establish an ESG working group and clarify the roles and responsibilities.

Transition Risk			
Description of Risk and Financial Impact	**Time Horizon**	**Risk Level**	**Risk Management**
<u>Policy and Legal Risks: Carbon Pricing Risks</u> Governments may set carbon quotas for the chemical industry and initiate carbon emissions trading markets to drive emission reductions. If the Group fails to reduce emissions to below the quota value within the specified timeframe, it may face the risk of rising carbon costs. This means the Group would need to pay higher prices to purchase carbon quotas, negatively impacting its profitability.	Medium to long-term	Slightly dangerous	1. To establish an ESG working group and clarify the roles and responsibilities; and 2. Regularly monitors the carbon market in PRC and relevant countries, and is prepared to alert senior management if necessary to avoid increased costs, fines for non-compliance or reputational risks due to delayed responses.
<u>Policy and Legal Risks: Information Disclosure and Compliance Risks</u> With strengthened global commitments to carbon reduction, there are stricter climate legislation and regulations worldwide to support the global carbon neutrality vision. For example, the SGX-ST has imposed increasingly stringent disclosure requirements for climate-related information from listed companies, and the PRC government requires carbon verification and emission reduction from high-emission enterprises. Stricter environmental laws and regulations may increase the Group's compliance costs and expose it to higher claims and litigation risks.	Short to long-term	Slightly dangerous	1. To establish an ESG working group and clarify the roles and responsibilities; 2. Regularly monitors existing and emerging climate-related trends, policies and regulations and is prepared to alert senior management if necessary to avoid increased costs, fines for non-compliance or reputational risks due to delayed responses; and 3. Seek advice from consultants when necessary.

Transition Risk			
Description of Risk and Financial Impact	**Time Horizon**	**Risk Level**	**Risk Management**
Technology Risks Technological improvements or innovations towards a low-carbon and energy-efficient economic system may reduce demand for traditional products and services, and reduce research and development costs, affecting the Group's productivity, economic growth, and wealth.	Short to long-term	Slightly dangerous	1. Research and develop technologies for photovoltaic power generation, green hydrogen, green ammonia, and green alcohol; 2. Research and develop low-temperature, high-activity ammonia synthesis catalysts based on iron; and 3. Promote technological improvements or innovations towards a low-carbon and energy-efficient economic system.
Market Risks: Energy Cost Risks The push for low-carbon transformation and changes in carbon pricing and climate policies may lead to unstable and fluctuating energy prices. Particularly for the catalyst business, which may require a significant amount of energy in the production process. If energy costs rise, the Group's production costs may increase, impacting profitability.	Short to medium-term	Slightly dangerous	1. To establish an ESG working group and clarify the roles and responsibilities; 2. Collaborate with market partners to jointly develop low-carbon technologies and application scenarios, embracing the new era; and 3. Increase the use of green energy methods, collaborate with third parties, and install solar photovoltaic panels for electricity generation used for daily production operations.
Market Risks: Market Demand Change Risks With the development of a low-carbon economy, there may be an increase in demand for clean energy and sustainable products, while the demand for high-carbon products may decrease. If the Group fails to timely adjust its product mix or develop low-carbon products, it may face risks from changes in market demand and even lose market competitiveness.	Short to long-term	Slightly dangerous	1. Research and develop technologies for photovoltaic power generation, green hydrogen, green ammonia, and green alcohol; 2. Research and develop low-temperature, high-activity ammonia synthesis catalysts based on iron; and 3. Promote technological improvements or innovations towards a low-carbon and energy-efficient economic system.

Opportunity			
Description of Opportunity and Financial Impact	**Time Horizon**	**Risk Level**	**Opportunity Management**
Resource Efficiency and Energy Sources: By adopting more efficient production methods such as upgrading equipment, improving technology, enhancing energy efficiency, and using low-carbon energy measures, not only can operational costs be reduced and greenhouse gas ("GHG") emission risks mitigated, lowering sensitivity to carbon trading price fluctuations, but it can also enhance the Group's reputation and drive increased demand for efficient low-carbon products/services.	Short to medium-term	Slightly dangerous	1. Increase the use of green energy methods, collaborate with third parties, and utilize factory buildings to install solar photovoltaic panels for electricity generation used for daily production operations; 2. For company operational vehicles, procure electric buses and electric commercial vehicles, and encourage employees to purchase new energy vehicles; and 3. Replace tiles on the roof of the factories with skylight tiles to reduce electricity usage and GHG emissions.
Products and Services: With the development of a low-carbon economy, the demand for ammonia and methanol, especially green ammonia and green methanol, continues to grow. By developing or promoting low-carbon goods and services, such as researching new green catalysts, expanding low-carbon engineering projects, the Group can enter new markets, enhance market competitiveness, and increase revenue.	Short to medium-term	Slightly dangerous	1. Research and develop technologies for photovoltaic power generation, green hydrogen, green ammonia, and green alcohol; 2. Research and develop low-temperature, high-activity ammonia synthesis catalysts based on iron; and 3. To establish an ESG working group and clarify the roles and responsibilities.

Risk Management

The management of the Group identifies climate-related risks and opportunities by considering existing and emerging trends, policies and regulations related to climate change, issues identified by industrial peers and TCFD framework. With the assistance of an external consultant, the management assesses, prioritises and determines the most material climate-related risks and opportunities to be disclosed in the Report. The Group recognised that climate-related risks are inherently linked to other strategic, financial and operational risks and has integrated climate change into its internal control procedures and enterprise risk management.

The climate risk assessments follow the criteria established for the Group's overall enterprise risk management framework. Each risk is evaluated based on two dimensions: likelihood and impact, both measured on a scale of 1 to 5. The impact assessment considers factors such as financial loss, corporate reputation, legal implications, environmental safety, and business operations. The combined scores of likelihood and impact are used to classify risks into five severity levels, ranging from highest to lowest: Extremely Dangerous, Highly Dangerous, Significantly Dangerous, Moderately Dangerous, and Slightly Dangerous.

The Board is responsible for risk governance and ensuring that the management of the Group maintains a comprehensive system of risk management and internal controls. The Group regularly monitors existing and emerging trends to identify the changes in climate-related risks and opportunities. In addition, the Group has set a target related to climate change and adopted different measures to mitigate climate-related risks. The target, progress and action plans are monitored and reviewed by the management regularly. The Group will continue to monitor and review climate-related risks and opportunities and refine its management framework.

Metrics and Targets

To assess the impact of climate-related risks and opportunities, we review our GHG emissions performance. We record and collect data related to GHG-emitting activities in our operation and calculate our GHG emissions to understand related climate issues. We have measured the direct (Scope 1) and energy indirect (Scope 2) GHG emissions in this Report. The major sources of GHG emissions of the Group were from fuel consumed by vehicles and machinery (Scope 1) as well as purchased electricity (Scope 2). We also understood the connection between GHG emissions and business activities, and therefore calculated the GHG emissions intensity per revenue. We are committed to collecting more information, including assets and business operations vulnerable to climate risks and aligned with climate opportunities, to better understand our resilience against climate-related risks and opportunities.

In FY2024, the Group generated 529 tonnes of carbon dioxide equivalent ("tCO_2e") Scope 1 GHG emissions (FY2023: 407 tCO_2e) and 3,893 tCO_2e Scope 2 GHG emissions (FY2023: 4,039 tCO_2e). The total GHG emissions were 4,422 tCO_2e (FY2023: 4,446 tCO_2e), with an intensity of 24.93 tCO_2e/million revenue RMB (FY2023: 33.27 tCO_2e/million revenue RMB). The data on GHG emissions are calculated based on widely applied standards, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong Limited, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, the global warming potential factor from IPCC Sixth Assessment Report, and the "Announcement of Release of 2022 Electricity CO_2 Emission Factors (2024-12-20)" published by the Ministry of Ecology and Environment of the PRC.

The Group has achieved the target set for FY2024 by posting energy-saving notices in the offices and factories and maintaining a similar intensity level of GHG emissions intensity as in FY2023.

FY2025 Target:
- To apply photovoltaic power for production and office use; and
- To maintain a similar level of GHG emissions intensity as in FY2024.

7. SOCIAL

Anchun considers the core principles and is committed to advancing human rights both within our operations and in the wider value chain.

We recognise the increasing focus on human rights. Human rights are fundamental and embedded across our organisation's values and operations. Our compliance with labour and employment laws on working hours, non-discriminative colleagues' treatments, and whistleblowing systems are a testament to our efforts to safeguard human rights.

We take early action to prevent and mitigate negative human rights impacts. Please refer to our "Employment, Diversity and Equal Opportunity" section from pages 28 to 30 for compliance with labour and employment laws and our commitment to non-discriminative employee treatment.

OCCUPATIONAL HEALTH AND SAFETY

Our employees' safety and health at the workplace is one of our top priorities, and our ultimate goal is to have a zero-accident workplace. The Group has established an occupational health and safety management system, which is ISO 45001 "Occupational Health and Safety Management System" certified and applied to the entire Group. The Group's management is responsible for the establishment, implementation, monitoring and review of the occupational health and safety system, to ensure the effectiveness of the system. To manage and reduce safety and health risks, responsible personnel from the Production Department, Technical Department, Equipment Department, and Safety and Environment Management Department are invited to conduct the occupational health and safety risk assessment annually to identify relevant key risks and mitigation measures.

In FY2024, there were 0 equipment accidents (FY2023: 0 accidents), 1 equipment operating accident (FY2023: 0 accidents), 0 high-consequence work-related injuries (FY2023: 0 injuries), and 2 minor recordable work-related injuries (FY2023: 4 minor recordable injuries) involving the Group's employees, and 2 minor recordable work-related injuries (FY2023: 1 minor recordable injury) involving a worker who is not our employee but whose workplace is controlled by the Group. The rate of recordable work-related injuries that involved the Group's employees was approximately 3.83 (FY2023: 8.83) per 1 million working hours. All the work-related injuries were handled in compliance with laws and regulations and the injured received appropriate medical treatment. The Group has met the target of FY2024 of maintaining zero equipment accidents, zero high-consequence work-related injuries, and less than two cases of equipment operations accidents. Nevertheless, we failed to maintain no more than three cases of minor injuries. Given this, we will continue to focus on workplace safety and ensure all health and safety measures are implemented strictly, striving to achieve the targets next year.

Measures that are taken to prevent incidents from recurrence include but are not limited to the following:

1. Invite the relevant parties of the accident to discuss and analyse the accident, take preventive measures and deal with the accident liability, and report to all employees;
2. Conduct a "Safe Production Month" educational series of activities in June annually by inviting experts to give lectures on safety production, organizing safety production educational video screenings for employees, providing safety production training, and circulating banners and posters of safety production for employee awareness;
3. Organize meetings on safety and production tasks by the Production Department before the start of work;
4. Require all new employees to undergo safety training to familiarize themselves with the operating environment, safety risks, and controls;
5. Carry out risk assessment regularly to identify, assess and prioritize the potential occupational health and safety risks in the workplace, thus developing mitigation measures for material health and safety risks;
6. Distribute personal protective equipment to employees based on their job natures, require all personnel entering the manufacturing area to comply with the dress code;
7. Provide free health examination to employees in special positions once a year and to employees in the Operational Department once per two years; and
8. Strive to achieve the Group's annual safety production goals by combining the 6S work with a regular safety inspection, i.e., implement safety production, carry out safety education and improve the safety literacy of employees, listen carefully to the safety needs of employees, and enhance a safe environment for our employees.

We concede the importance of employees' acknowledgement in occupational health and safety. We communicate with our employees through different engagement channels regularly to understand their expectations and concerns, including issues related to occupational health and safety. We also communicate our measures to employees by providing training on health and safety.

FY2025 Target:
- To maintain zero equipment accidents;
- To maintain no more than two equipment operation accidents;
- To maintain zero high-consequence work-related injuries;
- To maintain no more than three minor recordable work-related injuries; and
- To maintain zero occupational disease.

EMPLOYMENT, DIVERSITY AND EQUAL OPPORTUNITY

Anchun ensures compliance with all applicable labour and employment laws, including working hours. Furthermore, we ensure that no colleagues should be discriminated against because of age, gender, national origin, disability, religion, sexual orientation, marital or maternity status, union membership or political opinion, among others. Non-compliance in relation to discrimination is reportable through our whistleblowing system.

Board Diversity

At present, our Board is composed of individuals with varied backgrounds. We have representation from different genders, age groups and backgrounds. As at 31 December 2024, the Board is comprised of 2 female and 6 male directors (as at 31 December 2023: 3 females and 5 males), 60% of them are above the age of 50, and 40% are between 30-50 years old (as at 31 December 2023: all above 50 years old). The diverse Board members bring different skills and professional experiences. Our diversity of perspectives allows us to make decisions that are reflective of the needs and opinions of a wide range of stakeholders.

Employee Diversity

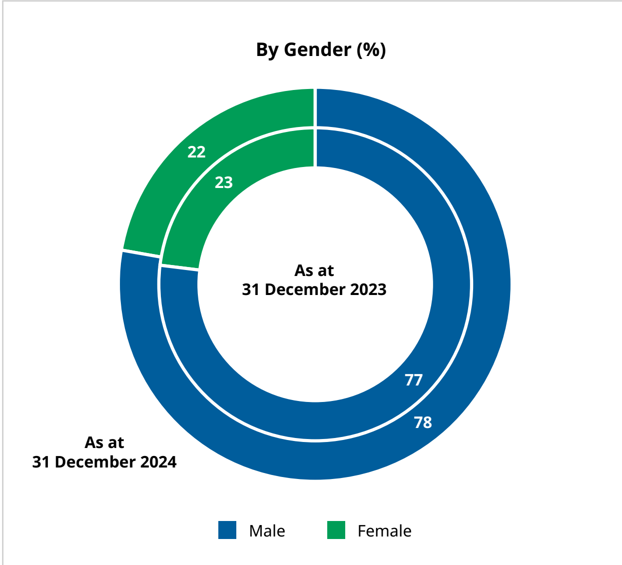
Below is the Group's staff composition chart. As at 31 December 2024, the Group had a total of 261 employees and 34 agency workers (as at 31 December 2023: 217 employees and 58 agency workers), all of them work full-time. The agency workers mainly work as technical staff in the Group, e.g. welders. Due to the nature of work, our employees are predominantly male staff. In this particular aspect, the Group does not favour male over female job applicants. To ensure equal opportunity is provided to both male and female employees, the Group has set a policy for the protection of the rights and interests of female employees. The policy ensures gender equality and prohibits any form of discrimination against female employees. It demonstrates the Group's strong commitment to promoting and empowering women in management positions. Additionally, the Group provides comprehensive support and welfare measures for female employees, including flexible work arrangements for pregnant and breastfeeding employees.

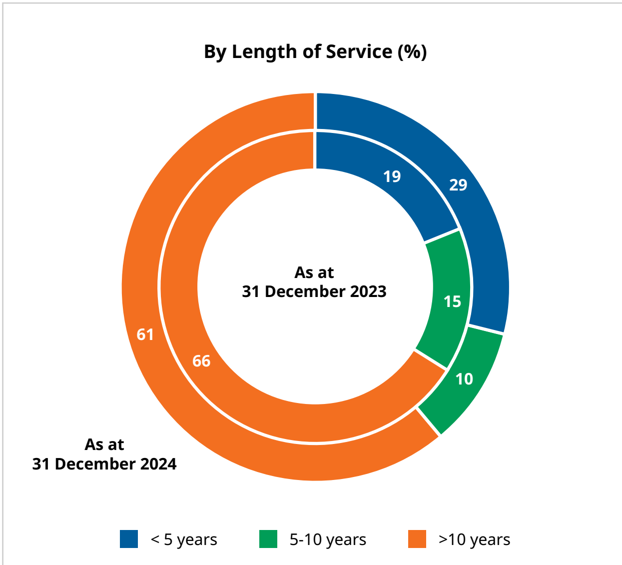
Employee Distribution as at 31 December 2024

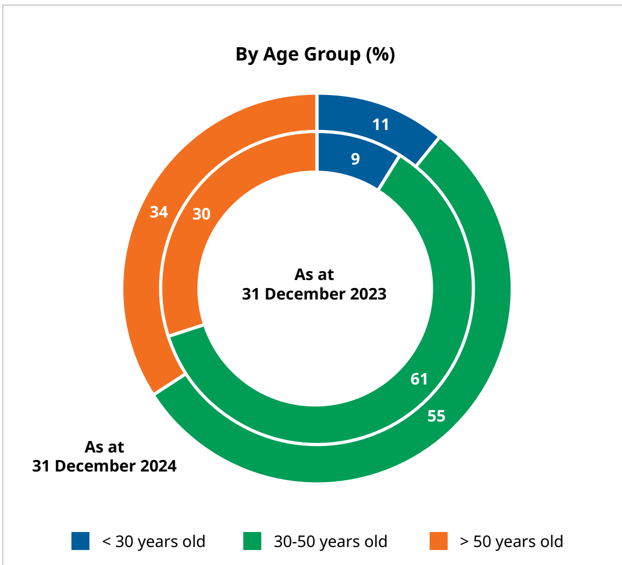
Number of Employees	By Gender		By Region	
	Male	Female	PRC	Singapore
Total	204	57	260	1
Permanent Employees	104	22	125	1
Temporary Employees	100	35	135	-

Employee Distribution as at 31 December 2023

Number of Employees	By Gender		By Region	
	Male	Female	PRC	Singapore
Total	167	50	216	1
Permanent Employees	112	25	136	1
Temporary Employees	55	25	80	-







Remuneration and Welfare

Our employees are offered a competitive remuneration package to attract and retain talent. The remuneration package includes the employee retirement scheme pertaining to the PRC's statutory provision and other voluntary benefits including overtime pay, meal allowance, telecommunication allowance, housing subsidy, holiday allowance, paid annual leave, sick leave, marriage leave, maternity leave, paternity leave and the "Five Social Insurance And One Housing Fund" (endowment insurance, medical insurance, unemployment insurance, work-related injury insurance, childbirth insurance, and housing accumulation funds). As all of the Group's employees are full-time employees, the remuneration package is applied to all employees.

Labour Union

The labour union of the Group is operated by existing employees. All employees are members of the labour union. The labour union focuses on new employees' orientation, team bonding, festival gift-giving, and handling employees' complaints. Every year, our labour union organises collective bargaining and is given the right to exercise freedom of association.

In FY2024, the labour union of the Group organised a variety of activities, such as providing assistance to employees in difficulty, distributing fruits and gifts during various festivals and purchasing Changsha Employee Medical Mutual Insurance for all our employees.

Similar to the past, we have achieved our target and there was no reported discrimination in the Group in FY2024 (FY2023: Nil).

FY2025 Target:
- To maintain zero complaints of discrimination.

TRAINING AND EDUCATION

We are committed to providing training and education to our employees. We understand that the success of our organization relies on having a well-trained and educated team of professionals.

Our commitment to training and education begins with our onboarding process, which is designed to ensure that all employees have the basic knowledge necessary to be successful in their roles. We also offer continued education opportunities, such as orientation, seminars, in-person mentoring, and training with experts so that employees can stay up to date on the latest safety trends and industry best practices.

Although the list is not exhaustive, the following categories of training programmes were conducted in FY2024:

- Leadership Training;
- Safety Management Training;
- Design Management Training;
- Production Management Training;
- Human Resources Management Training; and
- Financial Management Training.

We achieved a total of approximately 6,189.00 training hours in FY2024 (FY2023: 5,500.00 training hours), with an average training hour per employee of approximately 23.71 hours (FY2023: 25.35 hours). We have achieved the target set in FY2023, to maintain a similar level of average training hours per employee. All the employees have received performance reviews in FY2024. The average training hours per employee and percentage of employees receiving regular performance and career development reviews by gender and by employee category are as follows:

Training and Development Performance for FY2024

Indicators		Average Training Hours (Hours)	Percentage of Employees Receiving Regular Performance and Career Development Reviews
By Gender	Male	22.80	100%
	Female	26.98	100%
By Employee Category	Senior Management	60.00	100%
	Middle Management	42.29	100%
	General Staff	21.41	100%

Training and Development Performance for FY2023			
Indicators		**Average Training Hours (Hours)**	**Percentage of Employees Receiving Regular Performance and Career Development Reviews**
By Gender	Male	27.07	100%
	Female	19.60	100%
By Employee Category	Senior Management	12.00	100%
	Middle Management	11.11	100%
	General Staff	27.09	100%

FY2025 Target:
- To maintain a similar level of average training hour per employee.

SUPPLY CHAIN MANAGEMENT

Recognising the importance of suppliers as an external resource for the survival and development of the Group, the Group maintains strict control over our materials and equipment procurement and tender management procedures in the Procurement Quality Management Handbook and Supplier Evaluation Control Policy. During the supplier selection process, the Group takes into account suppliers' track records, prevailing market price and delivery time, etc. The Group periodically evaluates and monitors the performance of its suppliers to ensure their compliance with quality and service standards. The result of supplier evaluation is documented for the record.

The Group also acknowledges its responsibility to manage the environmental and social consequences of its purchasing decisions. The Group will consider the supplier's environmental and social performance when selecting new suppliers and evaluating suppliers. The Group has communicated its requirements and expectations on the suppliers' environmental and social performance. The Group's environmental and social criteria for assessing supplier cover: regular inspection of vehicles, proper disposal of hazardous waste, the environmental impact of manufacturing the raw materials and the establishment of an efficient environmental and occupational health and safety management system (e.g. ISO 14001 & ISO 45001 certificated). Priorities will be given to materials that are manufactured in clean and green ways. During FY2024, the total number of suppliers of the Group was 142 (FY2023: 140), including 13 (FY2023: 11) new suppliers. All major suppliers, which are 53 (FY2023: 50) suppliers of crucial raw materials, were screened using environmental and social criteria. 10 (FY2023: 7) new suppliers were screened using environmental criteria and 3 (FY2023: 7) new suppliers were screened using social criteria. In FY2024, no significant negative environmental and social impact in the supply chain was identified.

FY2025 Target:
- To ensure that environmental and social criteria are considered when screening all major suppliers.

PRODUCT QUALITY AND SAFETY

The Group is committed to providing products that meet customer, regulatory and legal requirements. The Group continues to innovate and improve its products and services while consulting with our customers and observing industry trends. Meanwhile, the Group focuses on research and development of new technology and applications on products. As at 31 December 2024, the Group held 52 patents in the PRC and 3 patents in the United States, including 1 patent registered under the Patent Cooperation Treaty.

The Group has developed effective quality control systems to ensure that the quality of products meet the specified requirements. We are ISO 9001 "Quality Management System" certified, an international guideline that ensures we meet the statutory and regulatory requirements while delivering high-quality products and services to our customers. The Group has established a Quality Management Department to oversee the quality management matters of the Group and a Quality Management Taskforce to manage the quality control of the Production Department. The management or authorised agent is responsible for approving the quality policy and quality objectives, quality assurance engineers develop, implement and assess the quality policy and quality objectives, and relevant personnel are responsible for the implementation of the quality policy and quality objectives. Every key step in the entire production process is documented with the relevant policies to ensure standardization and provide clear implementation guidance. Penalties on practices violating quality control measures are set and communicated to all the employees involved. During FY2024, there were no incidents of noncompliance concerning the health and safety impacts of products and services, nor products or services whose health and safety impacts are assessed for improvement.

Upholding high requirements on product quality and striving to develop higher efficiency and greener products and technology, Hunan Anchun was awarded the "High-new Technology Enterprises" certification by Hunan Provincial Department of Science and Technology, Hunan Provincial Department of Finance and Hunan Provincial Taxation Bureau, and the "National Specialised & Innovative "Emerging Giant" Enterprise" award by Ministry of Industry and Information Technology of the PRC.

FY2025 Target:

- To maintain zero incidents of non-compliance concerning the health and safety impacts of products and services; and
- To maintain zero complaints received regarding product quality.

LOCAL COMMUNITIES

The Group recognised that its operation may affect local communities and has worked on assessing the impact and contributing to the community's needs. The Group embraces the philosophy of giving back to the community by encouraging proactive involvement in the Group's various corporate social responsibility initiatives and environmental conservation programs. Contributing time and resources, we are committed to aiding the development and improvement of the society in which we live and work. We met the target of encouraging employees to support the local community through donation or volunteer activity.

During FY2024, we engaged professional third parties to carry out air and water quality assessments of the air emitted and sewage discharged by the Group. It ensures that the air and water quality of the Group's air emission and wastewater comply with the national standard and has limited impact on the environment. We also carried out an environmental risk assessment to rate the frequency, severity, scope of impact and level of concern of different environmental risks concerning our operations, to understand the impact we may have on the local environment and prioritise them.

To support the development of local economies, the Group joined 20 career fairs in FY2024 in response to the need for job opportunities in local communities. The Group especially focuses on the career development of vulnerable groups and youth. Among the 20 career fairs we joined, 13 are campus career fairs, reaching graduates from more than 9 universities and technological institutes. The other 7 career fairs are community career fairs open to the public and targeting registered unemployed people and other people in need.

We also value our relationship with other internal and external stakeholders. Labour unions and designated departments are formed and assigned to manage employee-related issues and respond to the needs and concerns of employees, including occupational health and safety, training and development and employment. We also maintained a List of Stakeholders' Needs and Expectations and different policies to understand and manage the needs of different stakeholders. Different departments, for example, the Sales Department and Procurement Department, communicate with different stakeholders proactively and design different engagement strategies based on their needs and expectations. These local community engagement, impact assessments, and development programs are implemented in all of the Group's operations.

Membership Associations

The Group's contribution to the industry and Hunan province is clearly marked by our management positions in key associations and professional organisations. The following are the industrial or academic professional organisations the Group joined:

- Director Unit of China Petroleum and Chemical Engineering Survey and Design Association;
- Standing Member of China Nitrogen Fertilizer Industry Association;
- Standing Member of China Chemical Industry Environmental Protection Association;
- Director Unit of China Petroleum Chemical Industry Federation;
- Standing Member of Hunan Society of Chemical and Chemical Engineering;
- Director Unit of Hunan Survey and Design Association;
- Vice President Unit of Hunan Petroleum Chemical Industry Association;

- Member Unit of Chemical Catalyst Division Technical Committee of National Standardization Technical Committee of Chemical;
- Standing Member of Hunan Petroleum Society;
- Member Unit of Hunan Association of Special Equipment Inspection;
- Vice President Unit of Changsha Special Equipment Safety Management Association;
- Member Unit of Changsha Work Safety Association;
- Member Unit of China Chemical Industry Equipment Association;
- Director Unit of the Green Ammonia and Methanol Industry Alliance;
- Branch Association of the Hunan Provincial Association of Retired Scientists and Technologists;
- Vice Chairman Unit of Hunan Enterprise Science and Technology Federation;
- Director Unit of Hunan Engineering Consulting Association; and
- Director Unit of Hunan Xiangjiang New District Entrepreneurs Association.

FY2025 Target:

- To encourage employees to support the local community by charitable activity.

8. GOVERNANCE

CORPORATE GOVERNANCE

The Board and the management of the Group are committed to the leading practices in corporate governance to ensure the sustainability of the Group's operations. We believe that our constant drive for corporate excellence will allow us to establish a more transparent, accountable, and equitable system, thereby increasing the value of the Group and its value to our shareholders. Please refer to the Group's Report of Corporate Governance Report on pages 41 to 84 in the Annual Report for detailed information on the Group's corporate governance.

In FY2024, there were no incidents of material penalties in relation to the environmental laws and regulations. We abide by the listing rules as stated in SGX-ST Rulebooks on the Code of Corporate Governance and believe in the honesty, integrity and vigilance of our management and employees. Our commitment to responsible business conduct was embodied by our policy, which stipulates respecting human rights, including specific policies addressing women's rights, and applying precautionary principles. Our policy commitment is applied to all of our operations and is communicated to our stakeholders, including employees and suppliers. We are expecting our stakeholders to work closely with us in achieving responsible business conduct.

FY2025 Target:

- To maintain zero non-compliance with applicable laws and regulations while upholding the Code of Corporate Governance.

ANTI-CORRUPTION

Fair Operating Practice

We are committed to driving business development according to good corporate governance and compliance with relevant laws and regulations in order to continuously improve our operations.

The Group does not tolerate corruption in any form and ensures that we uphold fair operating practices. The Group sees the importance of educating employees on anti-corruption related matters. The Group's anti-corruption policies and procedures have been communicated to all employees and Directors through a policy statement. All employees and members of the governance body have received anti-corruption training. We also communicated our principles of fairness and integrity and anticorruption practices externally with our customers and suppliers.

In FY2024, Hunan Anchun was assessed for risks related to corruption, no significant risks related to corruption were identified through the risk assessment and 100% of the Group's operations were assessed for corruption risk.

We have established an anti-corruption policy. We prohibit corruption in all forms, including extortion and bribery. As set out in our whistleblowing policy, all complaints shall be reported to the Audit Committee Chairman and Company Secretary of the Company either in person or via mail to the provided address or via an email to the designated officer that is only accessible by the Audit Committee Chairman.

Similar to FY2023, in FY2024, there were zero confirmed incidents of corruption or public legal cases regarding corruption brought against the Group or its employees, meeting the target set for FY2024. There was neither any termination of contracts with employees or business partners due to violations related to corruption, nor any material non-compliance with relevant anticorruption laws and regulations.

FY2025 Target:

- To maintain zero incidents of corruption.

ENTERPRISE RISK MANAGEMENT

The Board is committed to ensuring that the Group has an effective and practical enterprise risk management framework in place to safeguard shareholders' interests, and the sustainability of the Group, as well as provide a basis to make informed decisions having regard to the risk exposure and risk appetite of the Group. As the Group does not have a risk management committee, the Board, the Audit Committee and the management of the Group assume the responsibility for the risk management function. The management regularly reviews the Group's business and operational activities and control policies and procedures, and highlights areas of significant risks to the Board. For detailed disclosure of our risk management, please refer to pages 66 to 69 in the Report of Corporate Governance of this Annual Report. In FY2024, the Group conducted an annual review of our risk management framework and internal control systems.

FY2025 Target:

- To conduct an annual review of our risk management framework and internal control systems.

9. GRI CONTEXT INDEX

Statement of use	Anchun International Holdings Limited has reported the information cited in this GRI content index for the period from 1 January 2024 to 31 December 2024 with reference to the GRI Standards.
GRI used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE		LOCATION / EXPLANATION
GRI 2: General Disclosures 2021	2-1	Organizational details	• Legal name: Anchun International Holdings Ltd. • Nature of ownership and legal form: publicly owned incorporated entity • Location of headquarters and country of operation: PRC
	2-2	Entities included in the organization's sustainability reporting	Page 16
	2-3	Reporting period, frequency and contact point	• Reporting period: 1 January 2024 to 31 December 2024 • Reporting frequency: annually • Publication date: 9 April 2025 • Contact point: info@anchun.com
	2-4	Restatements of information	No restatement has been made in this Report.
	2-5	External assurance	No external assurance was conducted for this Report, and we may seek external assurance in the future.
	2-6	Activities, value chain and other business relationships	Page 19 – 20
	2-7	Employees	Page 29
	2-8	Workers who are not employees	Page 29
	2-9	Governance structure and composition	Page 10 – 15
	2-22	Statement on sustainable development strategy	Page 16
	2-23	Policy commitments	Page 33
	2-27	Compliance with laws and regulations	Page 33
	2-28	Membership associations	Page 32 – 33
	2-29	Approach to stakeholder engagement	Page 17 – 18
	2-30	Collective bargaining agreements	Page 30

GRI STANDARD	DISCLOSURE		LOCATION / EXPLANATION
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Page 18 – 19
	3-2	List of material topics	Page 18 – 19
	3-3	Management of material topics	Page 18 – 19
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Page 19 – 20
	201-2	Financial implications and other risks and opportunities due to climate change	Page 19 – 20
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Page 33
	205-2	Communication and training about anti-corruption policies and procedures	Page 33
	205-3	Confirmed incidents of corruption and actions taken	Page 33
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Page 21
GRI 303: Water and Effluents 2018	303-3	Water withdrawal	Page 21
	303-4	Water discharge	Page 21
	303-5	Water consumption	Page 21
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Page 27
	305-2	Energy indirect (Scope 2) GHG emissions	Page 27
	305-4	GHG emissions intensity	Page 27
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Page 21 – 22
	306-2	Management of significant waste-related impacts	Page 21 – 22
	306-3	Waste generated	Page 21 – 22
	306-4	Waste diverted from disposal	Page 21 – 22
	306-5	Waste directed to disposal	Page 21 – 22
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Page 31
	308-2	Negative environmental impacts in the supply chain and actions taken	Page 31
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 29 – 30

GRI STANDARD	DISCLOSURE		LOCATION / EXPLANATION
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Page 27– 28
	403-2	Hazard identification, risk assessment, and incident investigation	Page 27– 28
	403-4	Worker participation, consultation, and communication on occupational health and safety	Page 27– 28
	403-5	Worker training on occupational health and safety	Page 27– 28
	403-6	Promotion of worker health	Page 27– 28
	403-8	Workers covered by an occupational health and safety management system	Page 27– 28
	403-9	Work-related injuries	Page 27– 28
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Page 30 – 31
	404-2	Programs for upgrading employee skills and transition assistance programs	Page 30 – 31
	404-3	Percentage of employees receiving regular performance and career development reviews	Page 30 – 31
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Page 28 – 29
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Page 30
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Page 32
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Page 31
	414-2	Negative social impacts in the supply chain and actions taken	Page 31
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Page 31 – 32
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 31 – 32

10. TCFD CONTENT INDEX

TCFD PILLAR	RECOMMENDED DISCLOSURE	LOCATION/ EXPLANATION
Governance	Describe the board's oversight of climate-related risks and opportunities	Page 22
	Describe management's role in assessing and managing climate-related risks and opportunities	Page 22
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Page 22 – 26
	Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning	Page 22 – 26
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Page 22 – 26
Risk Management	Describe the organization's processes for identifying and assessing climate-related risk	Page 26 – 27
	Describe the organization's processes for managing climate-related risks	Page 26 – 27
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Page 26 – 27
Metrics and Target	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Page 27
	Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Page 27
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Page 27

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Xie Ming
(Non-Independent
Non-Executive Chairman)

Zheng Zhi Zhong
(Executive Director and CEO)

Dai Feng Yu
(Executive Director)

Xie Ding Zhong
(Non-Executive Director)

San Meng Chee
(Independent Director)

Tan Wei Shyan
(Independent Director)

Wang He Ming
(Independent Director)

He Ming Yang
(Independent Director)

COMPANY SECRETARY:
Thum Sook Fun

REGISTERED OFFICE:
138 Cecil Street
#12-01A Cecil Court
Singapore 069538
Telephone: (65) 6202 0594

PRINCIPAL OFFICE AND CONTACT DETAILS:
No. 539, Lusong Road
Changsha National Hi-tech Industrial
Development Zone
Changsha City, Hunan Province,
PRC 410205
Telephone: (86) 731-88958633, 88958632
Facsimile: (86) 731-88958611

IR CONTACT:
Website Address:
https://www.anchun.com

SHARE REGISTRAR:
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1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

AUDITOR:
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge:
Tan Soon Seng
(Date of appointment:
since financial year ended
31 December 2024)

PRINCIPAL BANKERS:
China Construction Bank
China Merchants Bank
DBS Bank Limited
Industrial and Commercial Bank of China

FINANCIAL CONTENTS

The Board of Directors ("Board") of Anchun International Holdings Ltd. (the "Company") and together with its subsidiary (the "Group") is committed to upholding high standards of corporate governance by adopting and complying, where possible, with the Principles and Provisions of the Code of Corporate Governance 2018 (the "Code"). The Board believes that good corporate governance is imperative and an integral element of a sound corporation that provides the framework for an ethical and accountable corporate environment, which will protect the interests of the Company's various stakeholders, including employees, suppliers, customers, shareholders ("Shareholders"), as well as society at large, promote stakeholders' confidence and create long-term value and return for its Shareholders.

This corporate governance report ("Report") outlines the Group's corporate governance practises and activities that are in place during the financial year ended 31 December 2024 ("FY2024"), with specific reference made to the principles and provisions of the Code and accompanying by the Practise Guidance which is in line with Rule 710 of the Listing Manual of Singapore Exchange Securities Trading Limited ("Listing Manual"). Where there are any deviations from the Code, the Board considered alternative practises adopted by the Group sufficient to meet the underlying objectives of the Code. The Company has generally adhered to the principles and guidelines in the Code, except where otherwise stated. Where there have been deviations from the Code, the Company has sought to provide an appropriate explanation for each deviation in this Report.

BOARD MATTERS

The Board's Conduct of its 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.

The primary function of the Board is to provide effective leadership and direction to enhance the long-term value of the Group to the Company's Shareholders and other stakeholders. The Board oversees the business affairs of the Group and has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans, key operating initiatives, major funding and investment proposals, financial performance reviews and corporate governance practises. Provision 1.1

Besides carrying out its statutory responsibilities, the Board's other roles are to: -

i) provide entrepreneurial leadership, set long-term strategic objectives which should include the appropriate focus on value creation and innovation;

ii) establish a framework of prudent and effective controls which enables the identification, assessment and management of risks, including safeguarding of Shareholders' interests and to preserve the integrity of the Group's assets;

iii) review management performance including interested person transaction(s);

iv) identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation;

v) set the Group's values and standards (including a code of conduct and ethical standards), set appropriate tone-from-the-top and desired organisational culture, ensure proper accountability within the Company and ensure that obligations to Shareholders and other stakeholders are understood and met;

vi) consider sustainability issues (including environmental and social factors) as part of its long-term strategic formulation; and

vii) provide oversight of the proper conduct of the Group's business and assume responsibility for corporate governance.

The directors of the Company (the “Directors”) are of the view that they have objectively discharged their duties and responsibilities at all times as fiduciaries in the best interests of the Company and hold Management accountable for the overall performance for long-term success of the Group. All Directors, in the course of carrying out his or her duties, exercise due diligence and independent judgement, comply with applicable laws, act in good faith and in the best interests of the Group and its Shareholders at all times.

In furtherance of this principle, internal guidelines have been established which requires all Board members who have a potential conflict of interest in a particular agenda item to recuse themselves from the discussion involving the relevant Board discussion. This policy also applies to all Board Committees. Directors are not allowed to be placed in a position of real or apparent conflict of interest. In order to address and manage conflicts of interest, Directors are required to promptly declare any actual, potential and perceived conflict of interest, in relation to a transaction or proposed transaction at a Board meeting or by written notification to the Company Secretary (the “Company Secretary”). In addition, the Company has in place procedures for Directors to give general notice of any interests in any corporation or firm, in order to anticipate possible conflicts of interest between the Director and the Group. This procedure is conducted upon appointment and annually, prompting Directors to update any change in interests and/or confirm its previous disclosures. Directors that are in conflict of interest with the Company, whether actual or potential, are required to recuse themselves from discussions and abstain from voting on the matter.

Continuous Training for Directors and Orientation for Incoming Directors

Provision 1.2

All Board members are provided with regular updates on the changes in the relevant laws and regulations and financial reporting standards to enable them to make well-informed decisions and to ensure they are competent in carrying out their expected roles and responsibilities. In addition, members of the Board are encouraged to attend relevant courses and seminars so as to keep themselves updated on developments and changes in financial and regulatory requirements, and the business environment and outlook. In addition, the Chief Executive Officer (“CEO”) also updated the Board at each meeting on the business and strategic developments pertaining to the Group’s business.

Newly appointed Directors will be provided with a formal letter, setting out the Director’s statutory duties and obligations. In addition, newly appointed Directors will undergo an orientation program with materials provided to help them get familiarise with the business and organisation structure of the Group. To get a better understanding of the Group’s business, the newly appointed Directors will also be briefed on their duties and obligations as directors. They are also given the opportunity to visit the Group’s operational facilities and meet with the Management to gain a better understanding of the Group’s business operations.

For a new Director who has no prior experience as a director of a public listed company in Singapore, in addition to the induction programme as mentioned above, he or she will be required to attend specific training courses as prescribed by Singapore Exchange Securities Trading Limited (“SGX-ST” or the “Exchange”) in order to acquire the relevant knowledge of what is expected of a listed company director, which is a mandatory requirement under the Listing Manual, unless the Nominating Committee (“NC”) is of the view that such training is not required because the Director has other relevant experience.

During FY2024, Mr. San Meng Chee ("Mr. Chris San"), Mr. Tan Wei Shyan ("Mr. Tan") and Mr. Wang He Ming ("Mr. Wang") have been appointed as Independent Director of the Company with effect from 25 April 2025 immediately after the conclusion of the last Annual General Meeting ("AGM") held on the same day. Except for Mr. Chris San and Mr. Tan, who have prior experience as a director of an issuer listed on the Exchange, the Company has arranged for Mr. Wang to attend the training courses on the roles and responsibilities of a director of a listed issuer which was organised by the Institute of Singapore Chartered Accountants and SAC Capital in order to meet the mandatory training requirements pursuant to Rule 210(5) of the Listing Manual.

Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense. Directors can also request for further information on any aspect of the Group's operations or business from the Management.

In addition, all Directors have attended the sustainability training course as prescribed by the SGX-ST in compliance with Rule 720(7) of the Listing Manual.

On an on-going basis, Management provides the Board with complete, adequate and timely information and Board papers prior to Board meetings. Requests for information from the Board are dealt with promptly by the Management. The Management is also involved in preparing the Board papers and can provide additional insight into the matters to be discussed. As such, the Management is invited to attend the Board meetings at the request of the Board.

During FY2024, the Directors had visited the Group's operational facilities in China and met with the Management to gain a better understanding of the Group's business operations. It also allowed the Directors to get acquainted with the Management, thereby facilitating Board interaction and independent access to the Management.

The Directors are conscious of the importance of continuing education in areas such as legal and regulatory responsibilities and accounting issues, so as to update and refresh themselves on matters that may affect their performance as a Board, or as a member of a Board committee by attending training for Directors on such relevant new laws, regulations and changing commercial risks from time to time when appropriate.

Matters Requiring Board Approval

Provision 1.3

The Group has adopted internal guidelines setting out matters reserved for the Board's approval. Within these guidelines, the Board approves transactions that exceed certain thresholds. Material matters which specifically require the Board's decision or approval are clearly communicated to the Management in writing. They include the following corporate matters (*but not limited to*): -

i) Announcements to be released via SGXNet, including half-yearly and full year financial announcements;

ii) Authorisation of material acquisitions, divestments, joint ventures or investments;

iii) Share issuances or changes in the capital of the Company;

iv) Interested person transaction (as defined under Chapters 9 and 10 of the Listing Manual);

v) Change in business direction or corporate strategies;

vi) Declaration of interim dividends, proposal of final dividends or other returns to Shareholders;

vii) Any matters relating the Company's Annual or Extraordinary General Meeting;

viii) Change of directors (including the Board Committee) and key management staff, including the review of performance and remuneration packages; and

ix) Any other matters as prescribed under the relevant legislations and regulations, as well as the provision of the Company's Constitution.

While matters relating to the Group's strategies and policies require the Board's decision and approval, the Management is responsible for the day-to-day operations and administration of the Group.

Delegation of Authority to Board Committees

Provision 1.4

To facilitate effective management and assist in discharging the Board's responsibilities, the Board has delegated certain functions to various committees, namely Audit Committee ("AC"), NC and Remuneration Committee ("RC") (each, "Board Committee", and collectively, "Board Committees"). Committees or subcommittees may be formed from time to time to address specific areas as and when the need arises.

All Board Committees, consist of a majority of Independent and Non-Executive Directors (or "Independent Directors"), are chaired by Independent Director. Functions of these Board Committees including their compositions, authorities and duties are clearly written in its terms of reference ("TOR"), which have been approved by the Board. The TORs are reviewed on a regular basis, along with the Board Committee structures and memberships, to ensure their continued relevance. Please refer to the relevant sections in this Report, for further information on the activities of the AC, RC and NC.

The Board accepts that while the Board Committees have delegated power to make decisions, execute actions or make recommendations in their specific areas respectively, the ultimate responsibility for the decisions and actions vests with the Board and the Chairman of each Board Committee will report back to the Board with its decisions and/ or recommendations.

Meetings of Board and Board Committees

Provision 1.5

Board and Board Committee meetings including the Annual General Meeting ("AGM") are scheduled well in advance, in consultation with the Directors. There are four scheduled Board meetings each year at regular intervals and ad-hoc meeting is convened, as and when they are deemed necessary to address significant transactions and issues that may arise in between the scheduled meetings. These meetings are scheduled in advance to facilitate the individual Director's planning in view of their ongoing commitments.

The Company's Constitution allows the Board meetings to be conducted in the form of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means without a member being in the physical presence of another member or members.

To ensure maximum Board participation, the Constitution of the Company and TOR for each Board Committee provides for meetings of the Board and Board Committees to be held by teleconferencing or other methods of simultaneous communication by electronic or telegraphic means. In between the Board and Board Committees meetings, other important matters will be tabled for the Board's approval by way of circulating resolutions in writing. Minutes of the Board Committees meetings are made available to all Board members, if requested and in the absence of any conflict.

The attendance of Directors at meetings of the Board and Board Committees during FY2024 is tabulated below: -

Name	Designation	Number of meetings attended / Number of meetings held			
		Board	AC	NC	RC
Ms. Xie Ming	Non-Independent Non-Executive Chairman	4/5	–	–	1/1
Mr. Zheng Zhi Zhong	Executive Director and Chief Executive Officer	5/5	–	–	–
Ms. Dai Feng Yu	Executive Director	5/5	–	–	–
Mr. Xie Ding Zhong	Non-Independent Non-Executive Director	5/5	–	2/2	–
Mr. Lee Gee Aik (1)	Lead Independent Director	1/1	1/1	2/2	–
Ms. Tan Min Li (1)	Independent Director	1/1	1/1	2/2	1/1
Mr. Andrew Bek (2)	Independent Director	1/1	1/1	–	–
Professor He Ming Yang	Independent Director	5/5	–	2/2	1/1
Mr. San Meng Chee (3)	Independent Director	3/3	3/3	–	–
Mr. Tan Wei Shyan (3)	Independent Director	3/3	3/3	–	–
Mr. Wang He Ming (3)	Independent Director	2/3	2/3	–	–

Notes:

(1) Retired as Independent Director upon the conclusion of last AGM held on 25 April 2024 ("**Last AGM**").
(2) Resigned as Independent Director upon the conclusion of the Last AGM.
(3) Appointed as Independent Director after the conclusion of the Last AGM.

Access to Information

To enable the Board to fulfil its responsibilities, the Management provides adequate and timely information to the Board to make informed decisions. All scheduled Board and Board Committees' meetings are planned in advance of each financial year and meeting papers are normally circulated to the Directors prior to each Board or Board Committee meeting. All Directors have unrestricted access to the Management and are free to request additional information when necessary. Provision 1.6

In order to ensure that the Board is able to fulfil its responsibilities, prior to scheduled meetings, the Management provides the Board members with the meeting materials, which include management financial statements, as well as the relevant background or explanatory information relating to the matters that would be discussed at the Board meetings (where applicable). This would also enable the Directors to oversee the Group's operational and financial performance more effectively. The Management also endeavours to furnish the Board with information concerning the Group prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. Any other matters may also be tabled at the Board meeting and discussed without papers being distributed. The Directors are entitled to request additional information as needed to make informed decisions.

The Management and the Company's internal and external auditors, who can provide insight and views on matters under discussion, are also invited from time to time to attend Board or Board Committee meetings and to respond to any queries that the Directors may have. When circumstances are required, Board members exchange views outside the formal environment of Board meetings.

The Company Secretary and/or her representative(s) attend all Board and Board Committee meetings during FY2024. The Company Secretary, together with other management staff of the Company, also ensures that the Company complies with the applicable statutory and regulatory rules.

Separate and Independent access to Management and Company Secretary

The Directors have separate and independent access to the Company's Management and the Company Secretary at all times. Should the Directors, whether as a group or individually, require independent professional advice on specific issue, the Company will engage an independent professional advisor to render the advice and the cost of such professional fees will be borne by the Company, subject to approval by the Chairman, to enable them to discharge their duties with adequate knowledge and to advise on the matter. Provision 1.7

The role of the Company Secretary is clearly defined and includes responsibility for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with. As secretary for all Board Committees, the Company Secretary assists in ensuring coordination and liaison between the Board, the Board Committees and Management. The Company Secretary assists the Chairman of the Board, the Chairman of Board Committees and management in the development of the agendas for the various Board and Board Committee meetings.

The Company Secretary and/or her representative attends and prepares minutes for all meetings of the Board and Board Committees. Minutes of the Board and Board Committees are also circulated to the whole Board for review and information.

The appointment and removal of the Company Secretary is a decision of the Board as a whole.

Board Composition and Balance

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.

Independence of Directors

As set out under the Code, an Independent Director is one who is independent in conduct, character and judgement, 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 judgement in the best interests of the Company. Provision 2.1

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a director is independent, bearing in mind the provisions set forth under Provision 2.1 of the Code and any other salient factor which would render a director to be deemed not independent.

The NC deliberates annually to determine the independence of a director, taking into consideration the Listing Manual, the Code, its accompanying Practise Guidance as well as whether there is any circumstance or relationship that might impact the Director's independence or perception of independence. In determining whether a director is independent, the NC adopts the definition in the Code of what constitutes an Independent Director and reviews the independence of Directors annually based on Rule 210(5)(d) of the Listing Manual which sets out the specific circumstances in which a director should be deemed non-independent. These circumstances include: -

(a) a director who is being employed by the Company or any of its related corporations for the current or any of the past three financial years;

(b) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC; or

(c) if a director has been a director for an aggregate period of more than nine years (whether before or after listing) such that he may be considered as independent upon the conclusion of the next annual general meeting of the Company.

Each Independent Director is required annually to complete an independence checklist and to declare whether they consider themselves independent – even if they have any of the relationships which are deemed to be non-independent based on the standards of independence in the Code. Such declarations assist the NC in its determination of the Directors' independence.

All Independent Directors have made declarations on their respective status of independence and have confirmed that they do not have any relationships 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 Directors' independent business judgement with a view to the best interests of the Company.

Based on the annual confirmation of independence and self-declaration submitted by the Independent Directors, the NC has reviewed and determined that Mr. Chris San, Mr. Tan, Mr. Wang and Professor He MingYang ("Professor He") are independent in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Directors' judgement. The Board has accepted the NC's assessment of Directors' independence.

Each member of the NC and the Board recused themselves from the deliberations on their independence.

The Board recognises that independent directors may over time develop significant insights in the Group's business and operations and can continue to provide noteworthy and valuable contribution objectively to the Board as a whole. The independence of the independent director must be based on their professionalism, integrity, objectivity as well as they possess core competencies such as financial, accounting and legal and not merely based on form such as the number of years which they have served on the Board.

As of the date of this Report, none of the Independent Directors of the Company have served on the Board for a period exceeding nine years from the date of their appointments.

Independent Directors comprising Majority of the Board
Proportion of Independent Non-Executive Directors

The Non-Executive Chairman, Ms. Xie Ming is not independent in accordance with the definition of the Code.

Provision 2.2
Provision 2.3

The Company believes that there should be a strong and independent element on the Board in order for it to exercise objective judgment on corporate and business affairs. Hence, the Board comprises eight (8) Directors, out of whom four (4) are Independent Directors, two (2) are Non-Independent and Non-Executive Directors and two (2) are Executive Directors, and the AC, RC and NC are constituted in compliance with the Code.

The Board has a strong and independent element with four (4) independent Directors that make up more than one-third of the Board, in compliance with Rule 210(5)(c) of the Listing Manual. The Company also believes that the Independent Directors should be selected for their diverse expertise so that they can provide a balance of views.

As four (4) out of eight (8) members of the Board are Independent Directors, there is a strong independent element on the Board and no individual or small group of individuals dominates the Board's decision-making process. The Board is able to exercise objective judgement independently from Management on corporate affairs of the Group as Independent Directors constitute half of the Board.

The existing Board composition is not in compliance with Provision 2.2 of the Code, which states that the Independent Directors should make up a majority of the Board where the Chairman is not independent. Nevertheless, the Independent Directors make up half of the Board.

Accordingly, the NC is of the view that the Board has sufficient independent element, and its composition is appropriate to facilitate effective decision-making, particularly taking into consideration the nature and scope of the Group's operations.

The Non-Executive Directors (including the Independent Directors) provide constructive advice on the Group's strategic and business plans. They constructively challenge and help develop proposals on strategy for the Group. They also review the performance of the Management in relation to agreed goals and objectives and monitor the reporting of the performance of the Group. The Company has complied with Provision 2.3 of the Code as a majority of the Board members are non-executive directors.

Board Composition, Size and Diversity

As at the date of this Report, the Board comprises the following members: - Provision 2.4

Executive Directors

Mr. Zheng Zhi Zhong
Ms. Dai Feng Yu

Non-Independent and Non-Executive Directors

Ms. Xie Ming (Chairman)
Mr. Xie Ding Zhong

Independent Directors

Mr. San Meng Chee
Mr. Tan Wei Shyan
Mr. Wang He Ming
Professor He Ming Yang

Key information regarding the Directors is also set out in this Annual Report. Currently, the Company does not have any alternate director on the Board.

The size and composition of the Board are reviewed at least annually to ensure that the Board has the appropriate mix of expertise, skills, knowledge and experience diversity for effective decision-making. The Board, in concurrence with the NC, is of the view that the current number of eight (8) Directors and the composition is appropriate and effective, taking into consideration the scope and nature of the Group's operations. No individual or small group of individuals dominates the Board's decision-making.

The Board's objective in its composition is to achieve a good mix of directors with diverse and appropriate professional background and experience to facilitate a robust decision-making process in the best interests of the Company and the Group.

According to the existing Board composition, the NC reviewed the existing attributes and competencies of the Board and is satisfied that the Directors as a group have the appropriate mix of expertise to lead and govern the Group effectively. The diversity of the directors' expertise and experience allows for the useful exchange of ideas and views, providing a balance of views at Board and Board Committee meetings. The Board who, as a whole have relevant competence, in accounting, finance, legal or corporate governance, business management, relevant industry knowledge or experience, strategic planning and customer-based experience. The Board provides a diversity of expertise, invaluable experience and knowledge in areas such as accounting, finance, legal or corporate governance, business management and relevant industry knowledge. This diversity facilitates constructive debate on the business activities of the Company and enables Management to benefit from a diverse and objective set of perspectives on issues that are brought before the Board.

The Directors possess the appropriate balance and mix of skills, knowledge and experience (such as legal, accounting and industrial) to guide and assist the Board in its endeavours.

The size and composition of the Board and Board Committees are reviewed on an annual basis by the NC to ensure that there is an appropriate mix of skills, knowledge, expertise and experience, and collectively, possesses the relevant and necessary skills sets and core competencies for effective decision-making which the Group may tap on for assistance in furthering its business objectives and shaping its business strategies. The NC also strives to ensure that the size of the Board is conducive to discussions and facilitates decision-making.

As a Group, the current members of the Board bring with them a broad range of expertise in areas such as accounting, finance, legal, business and enterprise management experience as well as familiarity with regulatory requirements which provides core competencies necessary to lead and govern the Group effectively. Each Director has been appointed based on the strength of his caliber and experience. The Directors' objective judgment, collective experience and knowledge are invaluable to the Group and allow for the useful exchange of ideas and views.

The NC, with the concurrence of the Board, is of the view that the current Board size is adequate, taking into account of the scope and nature of the Group's operations. In addition, the Board and the NC have taken into account, inter alia, the Directors' contributions, scope of work and the wide spectrum of skill and knowledge and are satisfied that the current Board's composition is appropriate for the Group.

The Board believes that board diversity is more than just about gender diversity and embraces other factors such as a need for individuals with different backgrounds, skill sets, life experiences, abilities and beliefs for a better Board performance.

The Company has in place the Board Diversity Policy to ensure the diversity of the Board members and balance of skills.

A diverse Board will include and make good use of differences in the skills, industry knowledge and professional experience, cultural and education background and other qualities of the Directors and does not discriminate on the ground of race, age, gender or religious belief. These differences will be taken into account in determining the optimum composition of the Board and when possible, should be balanced appropriately.

The Board's policy in identifying directors is primarily to have an appropriate mix and diversity of members with complementary skills, core competencies and experience that could contribute positively to the Group. In reviewing the Board composition and succession planning, the NC considers the benefits of all aspects, including but not limited to age, gender, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, and other factors that may be considered relevant and applicable from time to time.

As of this Report, the Board believes that its existing composition achieves a diversity of skills, knowledge and experience to the Company which summarised as follows: -

Diversity of the Board (FY2024)	**Proportion of Board**
Core Competencies	
Accounting or Finance or Legal or Corporate Governance	37.5%
Business management	100%
Relevant industry knowledge or experience	62.5%
Gender	
Male	75%
Female	25%
Age	
55 and below	25%
56 to 60	50%
60 above	25%

<u>Targets and Progress</u>

The Board is aware that the Diversity Policy should include the following: -

(a) the Company's targets to achieve diversity on its board;

(b) the Company's accompanying plans and timelines for achieving the targets;

(c) the Company's progress towards achieving the targets within the timelines; and

(d) a description of how the combination of skills, talents, experience and diversity of its directors serves the needs and plans of the Company.

The target, timeline and progress towards achieving the diversity objectives are summarised below: -

(a) <u>Tenure of Service of Board of Directors</u>

The tenure of each independent Director is monitored closely every year so that the process for Board renewal is reviewed and considered ahead of any independent Director reaching the nine-year mark to facilitate a smooth transition and to ensure that the Board continues to have an appropriate level of independence.

The tenure of service of independent directors as at 31 December 2024 was as follows: -

Years of Service	**Number of Directors**	**Proportion of the Board**
5 years or less	3	37.5%
More than 7 years	1	12.5%

As at the date of this Report, there are no Independent Directors who have served on the Board beyond nine years from the date of his first appointment.

(b) Female Board Representation

The Company has adopted the gender diversity target on its Board based on the benchmark recommendation by the Council for Board Diversity ("CBD") pursuant to which there should be at least 25% of the female representation on its Board in accordance with the report relating to the Women's Representation on Board in Singapore released by CBD on 2 March 2023 and State of Board Diversity Disclosures of SGX-Listed Issuers published by Singapore Exchange Regulation and CBD on 17 November 2023.

As at the end of FY2024, the Board comprises two female (25%) and six male directors (75%) which represents 25% of the existing Board Composition.

(c) Diversity of Age

There is no age limit for the Directors as weight should be given to suitable candidates with reputed and experience regardless of age. Nonetheless, the Company will endeavor to promote age diversity when considering the composition of the Board for any appointment. At the same time, the Company continues to value the contribution of its Board members regardless of age.

(d) Independence

The Company believes that the Board's independence enables the Board to function effectively at an optimum level during the year and exercise objective judgment on corporate affairs independently.

As at 31 December 2024, the Board of Directors comprised eight (8) members of which four (4) were independent Directors. The Board will continue to maintain the same number of independent Board members, which make up more than one-third of the Board, in compliance with Rule 210(5)(c) of the Listing Manual.

The NC reviews its targets for diversity from time to time and may recommend changes or additional targets to achieve greater diversity. In addition, the NC reviews the Company's Board Diversity Policy from time to time, as appropriate, to ensure its continued effectiveness and relevance, and any revisions, where necessary, will be recommended to the Board for approval as well as any further progress made towards the said policy will be disclosed in future Reports, as appropriate.

The Board has taken the following steps to maintain or enhance its balance and diversity: -

(a) annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

(b) annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the potential gaps in the areas of expertise and competencies of the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors. The NC will also continuously review the composition of the Board so that it will have the necessary competency to be effective. The NC will further consider other aspects of diversity such as skills, knowledge, professional and commercial experience, gender, age, length of service and other relevant factors. In addition, NC has also assessed the current level of diversity on the Board to be satisfactory and thus, the Company takes the approach that maintaining a satisfactory level of diversity is an on-going process. Accordingly, our current plan is to monitor and assess, alongside developments in our Group's operations, whether the current Board composition presents a satisfactory level of diversity and allows for effective collaboration between and contribution by the Directors.

Meetings without the presence of Management

During FY2024, our Independent Directors met without the presence of Management, formally in Board Committee meetings and informally on an ad hoc basis at various times throughout the year to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors as well as to review any other matters that must be raised privately. Provision 2.5

The Independent Directors and the Non-Executive Directors confer regularly with the Executive Directors and Management to constructively challenge and help to develop proposals on strategy, review the performance of the management in meeting agreed goals and objectives, and monitor the reporting of performance. Where necessary or appropriate and at least once a year, the Independent Directors and Non-Executive Directors have conference calls and/or meetings regularly without the presence of Management or the Executive Directors to review any matters that must be raised privately before providing feedback to the Chairman of the Board after such meetings.

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.

Separation of the roles of Chairman and Chief Executive Officer

The roles of the Chairman of the Board and the CEO are separate to ensure clear distinction of responsibilities, appropriate balance of power and increased accountability. Currently, Ms. Xie Ming serves as Non-Independent Non-Executive Chairman of the Board, while Mr. Zheng Zhi Zhong is Executive Director cum CEO. The Chairman and the CEO are not related, and the roles of the Chairman and CEO are kept separate to ensure an appropriate balance of power, greater capacity of independent Board decision making and increase accountability. Provision 3.1

The Chairman's duties and responsibilities include: -

i) leading the Board to ensure its effectiveness on all aspects of its role;

ii) setting the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;

iii) promoting a culture of openness and debate at the Board;

iv) ensuring that the Directors receive complete, adequate and timely information;

v) ensuring effective communication with Shareholders;

vi) encouraging constructive relations within the Board and between the Board and the management;

vii) facilitating the effective contribution of Non-Executive Directors;

viii) encouraging constructive relations between Executive Directors and Non-Executive Directors; and

ix) promoting high standards of corporate governance.

The CEO's duties and responsibilities include: -

i) improving, developing, extending, maintaining, advising and promoting the Group's businesses to protect and further the reputation, interest and success of the Company and the Group;

ii) undertaking such duties and exercising such powers in relation to the Group and their businesses as the Board shall from time to time properly assign to or vest in him in his capacity as the CEO and all other matters incidental to the same; and

iii) overseeing, formulating and implementing corporate strategies and directions for the affairs of the Group.

As the Company has a relatively simple organization structure, the Board is of the view that there is a strong independent element on the Board to enable exercise of objective judgment of corporate affairs of the Group by members of the Board, taking into account factors such as the number of Independent Directors on the Board, as well as the size and scope of the Group's affairs and operations.

Roles and Responsibilities of the Chairman and the CEO

The Company aims to ensure a balance of power and authority between the Chairman and the CEO with a clear division of responsibility between the running of the Board and the Company's business, respectively. The positions, roles and responsibilities of the Chairman and CEO are separate and clearly defined. Provision 3.2

The Chairman plays a key role in promoting high standards of corporate governance, ensures that board meetings are held when necessary and sets the board meeting agenda (with the assistance of the Company Secretary and in consultation with the CEO) and ensures that the Board reviews the Group's strategic direction, expansion and business development plans formulated by the CEO. The Chairman also participates in communicating with key stakeholders, including Shareholders and Management from time to time.

The CEO's responsibilities, in addition to setting the strategic direction, formulating expansion and business development plans, include managing the day-to-day business activities of the Group, executing the strategies and policies approved by the Board, reporting to the Board on the performance of the Group, providing guidance to the Group's employees, and encouraging constructive relations between the Management and the Board.

Lead Independent Director

Provision 3.3

In conjunction with the Board renewal plan during FY2024, the NC and the Board had reviewed and were of the view that the Board has consistently demonstrated it is able to exercise independent decision-making and thus it was decided to put on hold the appointment of the Lead Independent Director of the Company after the retirement of Mr. Lee Gee Aik as Director of the Company at the conclusion of the Last AGM. All the Independent Directors will confer among themselves (when necessary) and provide feedback to the Chairman as appropriate.

Although the Board does not have a Lead Independent Director, the Independent Directors make up half of the Board. As such, the Board is satisfied that there is a strong independent element to contribute to effective decision, making in the best interest of the Company. The Independent Directors are and continue to be available to shareholders as as a channel of communication between shareholders and the Board and/or management. Such concerns may be sent to the Chairman of the AC or any Independent Director of the Company via the Company's registered office or Company's website at https://www.anchun.com/investor-relations/. The Board will appoint a Lead Independent Director as and when deemed appropriate.

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.

Composition and Terms of Reference of NC

Provision 4.1 and 4.2

The Board through the delegation of its authority to the NC has ensured that there is a formal and transparent process in the appointment and re-appointment of Directors who possess the relevant background, experience and knowledge in business, finance and management skills.

As at the date of this report, the NC consists of three (3) Independent Directors and one (1) Non-Independent and Non-Executive Director. The majority of NC members are as follows, including the NC Chairman, are independent: -

a) Professor He Ming Yang (Chairman)
b) Mr. San Meng Chee
c) Mr. Tan Wei Shyan
d) Mr. Xie Ding Zhong

The principal functions of the NC, regulated by written TOR and undertaken by the NC during FY2024, are as follows: -

i) to review board succession plans for Directors, including the Board renewal process as mentioned above;

ii) to develop a process for evaluation of the performance of the Board, the Board Committees and the Directors;

iii) to review, assess and make a recommendation to the Board on all Board selection, appointments and re-appointments, taking into consideration the composition and progressive renewal of the Board and each Director's competencies, contributions and performance;

iv) to review and determine on an annual basis whether or not a director is independent, guided by the guidelines contained in the Code regarding independence;

v) to decide the assessment process and implement a set of objective performance criteria to be applied from year to year for evaluation of the Board's performance;

vi) to carry out an annual review of the effectiveness of the Board as a whole; the Board Committees and the contribution of each individual Director, including Independent Directors;

vii) to review the structure, size and composition (including the skills, knowledge and experience) of the Board to ensure the appropriate Board diversity, balance and size and making recommendations to the Board with regard to any changes; and

viii) to determine the appropriate training and professional development programs for the Board.

The NC also determines, on an annual basis, the independence of the Directors. Based on the guidelines set out in the Code and the confirmations provided by the Independent Directors, the NC has assessed and affirmed the status of the Independent Directors as mentioned in relation to Provision 2.1 above.

Selection, Appointment, and Re-appointment of Directors

Provision 4.3

The responsibilities of the NC are, among other things, to make recommendations to the Board on all Board appointments, re-appointments and oversee the Board succession and the leadership development plans of the key management personnel. Board renewal is a continuous process and is a crucial element of the Groups' governance process.

The NC, in consultation with the Board, will determine the selection criteria, taking into consideration the diversity of the Board, industry experience, financial literacy as well as integrity and will select the candidates with the appropriate expertise and experience for the appointment of new director.

New Directors are at present appointed by way of a Board resolution/Board of Directors' Meeting, after the NC approves their appointment. The NC does not usually but may consider engaging the services of search consultants to identify prospective Board candidates if the need arises. The NC currently considers recommendations and referrals from the existing directors of the Company and/or other sources, provided the prospective candidates meet the qualification criteria established for the particular appointment.

In considering the appointment of any new Director, the NC ensures that the new Director is aligned with Group's strategic directions and possesses the necessary skills, knowledge and experience that could facilitate the Board in making sound and well-considered decisions. The selection criterion includes integrity, diversity of competencies, expertise, industry experience and financial literacy. Potential candidates are selected through internal resources, referrals from existing Directors and/or external search. The candidate must also be able to commit sufficient time and attention to the affairs of the Company, especially when he/she is serving on multiple boards.

In evaluating candidates, the NC applies strictly the concept of meritocracy, with no specific targets towards, nor discrimination against, any age group, ethnic group or gender although these attributes are taken into consideration in deriving a decision.

A new Director is required to declare if he or she has any adverse track record or is under investigation by the regulators in any of the Boards served before the appointment.

The NC, after completing its assessment of the potential candidates, meets with the short-listed candidates to assess their suitability, before submitting the appropriate recommendations to the Board.

During FY2024, the Board has accepted the recommendation from the NC and appointed three new directors, namely Mr. Tan, Mr. Wang and Mr. Chris San based on merits as well as who possess a variety of skill sets, including finance, legal, accounting and industry experience and knowledge as Independent Non-Executive Directors of the Company as part of the renewal process.

Process of Re-appointment of Directors

Presently, the Constitution of the Company provides that one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation at every AGM and are subject to re-nomination and re-election at every AGM at least once in every three (3) years. It is also provided in the Company’s Constitution that the Directors appointed by the Board during the year, must retire and submit themselves for re-election at the next AGM of the Company following their appointments according to Article 88 of the Company’s Constitution. A retiring Director is eligible for re-election by the Shareholders at the AGM.

The date of first appointment and last re-election for each of the Directors are set out below: -

Name of Directors	**Date of first appointment**	**Date of last re-election**
Professor He Ming Yang	1 January 2019	25 April 2024
Mr. Zheng Zhi Zhong	1 June 2014	26 April 2023
Ms. Dai Feng Yu	9 September 2010	26 April 2023
Mr. Xie Ding Zhong	2 November 2009	25 April 2022
Ms. Xie Ming	2 November 2009	25 April 2022
Mr. San Meng Chee	25 April 2025	Not Applicable
Mr. Tan Wei Shyan	25 April 2025	Not Applicable
Mr. Wang He Ming	25 April 2025	Not Applicable

All appointments and re-appointments of Directors are first reviewed and considered by the NC before recommending them to the Board for approval.

The Directors due for re-nomination and re-election at the forthcoming 2025 AGM are: -

(a) Pursuant to Regulation 88 of the Constitution of the Company

- (i) Mr. San Meng Chee
- (ii) Mr. Tan Wei Shyan
- (iii) Mr. Wang He Ming

(b) Pursuant to Regulation 89 of the Constitution of the Company

- (i) Ms. Xie Ming
- (ii) Mr. Xie Ding Zhong

After assessing the contribution and performance of the retiring Director, the NC has recommended the re-election of all the aforesaid Directors, who will be retiring under Regulation 88 and 89 of the Company's Constitution at the forthcoming 2025 AGM. All the aforesaid Directors have offered themselves for re-election and the Board has accepted the recommendations of the NC.

Each member of the NC had abstained from participating in the discussion and recommendation on their respective nominations respectively.

Information relating to the retiring Director is set out on pages 80 to 84 of the Annual Report, in accordance with Rule 720(6) of the Listing Manual.

Upon re-election: -

(a) Mr. Chris San will remain as Independent Director, Chairman of AC and member of NC respectively.

(b) Mr. Tan will remain as Independent Director, Chairman of RC and member of AC and NC respectively.

(c) Mr. Wang will remain as Independent Director and member of AC.

(d) Ms. Xie Ming will remain as Non-Independent Non-Executive Director and member of RC respectively.

(e) Mr. Xie Ding Zhong will remain as Non-Independent Non-Executive Director and member of NC respectively.

Succession Planning for Key Management Personnel ("KMP")

In its long-term drive towards excellence, the Company recognises the importance of sustainable leadership and succession planning of KMP. The CEO takes charge of the succession planning of the KMP of the Group.

The Company follows the prevailing national guidelines for retirement age. To minimize disruptions to the Group's operations, the retired KMP may be hired on a year-to-year basis to provide continuity and orderly replacement of that KMP.

NC to determine Director's independence

The NC deliberates the independence of each director annually, and when circumstances require, having regard to the circumstances set out in Provision 2.1 of the Code, its Practise Note and Listing Manual. The NC requires all the Independent Directors to confirm their independence and their relationships with the Directors and substantial shareholder (5% or more stake) of the Company by a declaration in writing annually. Provision 4.4

No member of the NC participates in the deliberation in respect of his own status as an Independent Director. Each retiring Independent Director has confirmed that he does not have any relationship with his fellow Directors nor with the Company and its substantial shareholders.

Commitments of Directors sitting on multiple Board

Although some of the Directors have multiple board representations, the NC and the Board were satisfied that sufficient time and attention had been given to the affairs of the Company by the Directors. Meetings of the Board and Board Committees are scheduled in advance to ensure that the Directors have sufficient time to plan their schedules accordingly. The relevant Directors' multiple directorships are disclosed in the Directors' profile. Provision 4.5

The NC and the Board are of the view that the assessment of whether each Director is able to devote sufficient time to discharge his/her duties should not be restricted to only the number of board representations as it is for each Director to assess his/her own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC, with the concurrence of the Board, has decided not to fix a limit on the number of board representations of each director as it considers that the board representations presently held by its directors do not impede the performance of their duties to the Company.

In arriving at the aforesaid conclusion, the NC had taken into account, inter alia, the contributions by the Directors during the meetings and attendance at such meetings. Each Director has objectively discharged his/her duties and responsibilities at all times as a fiduciary in the interest of the Company.

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.

A review of the Board's performance will be undertaken collectively by the Board as a whole. The Company believes that the Board's performance is ultimately reflected in the performance of the Group. The Board, through the delegation of its authority to the NC, ensures that the Directors appointed to the Board possess the relevant necessary background, experience, knowledge and skills so that each Director can contribute to the effectiveness of the Board with an independent and objective perspective. Provision 5.1 and 5.2

The NC has adopted a formal process to annually assess the performance and effectiveness of the Board and its committees, as well as to evaluate the contribution of each Director to the effectiveness of the Board. The NC has adopted an assessment checklist, which includes various quantitative and qualitative evaluation factors, and disseminates the same to each Director for completion. The assessment comprises self-assessment, Board assessment and peer evaluations. The Board and the NC believe that the financial indicators are mainly used to measure the Executive Directors' and the Management's performance and hence are less applicable to the Independent Directors and Non-Executive Directors.

The NC had conducted the Board's performance evaluation as a whole, together with the performance evaluation of the Board Committees and each Director individually as well as Chairman of the Board. The performance criteria, as determined by the NC, cover the following areas: -

(i) Board Composition and Structure;

(ii) Conduct of Meetings;

(iii) Corporate Strategy and Planning;

(iv) Risk Management and Internal Control;

(v) Measuring and Monitoring Performance;

(vi) Training and Recruitment;

(vii) Compensation;

(viii) Financial Reporting;

(ix) Chairman of the Board;

(x) Board Committees;

(xi) Board Contribution;

(xii) Knowledges and Duties; and

(xiii) Communication skills with internal and external parties *i.e. Shareholders*.

The assessment parameters for each Director include their knowledge and abilities, attendance records at the meetings of the Board and Board Committees, and the quality of participation at meetings. The NC and the Board have relied on the above-mentioned parameters to evaluate the Directors' contribution individually and have taken such evaluation into consideration for the re-nomination of the Directors.

To ensure confidentiality, all duly completed evaluation forms are submitted to the Company Secretary for collation. The summary of the assessment results was presented to the NC annually for review and discussion.

The NC discusses the results of the Board's performance evaluation to identify areas where improvements are necessary and makes recommendations to the Board for action to be taken. Each member of the NC abstains from voting on any resolutions in respect of the assessment of his performance or re-nomination as a director. In the event that any member of the NC has an interest in a matter being deliberated upon by the NC, he will abstain from participating in the review and approval process relating to that matter.

The NC then shared the observation and findings with the Board. The Chairman and CEO will act on the results of the evaluation and where appropriate and in consultation with the NC, propose the appointment of new directors or seek the resignation of current Directors. Any renewal or replacement of a director, when it occurs, does not necessarily reflect the Director's performance, but may be driven by the need to align the Board with the changing needs of the Group's business and operations.

The NC has reviewed the overall performance of the Board, Board Committees and each Director for FY2024 and is satisfied that the Board as a whole and Board Committees have met the performance evaluation criteria and objectives and each Director has contributed effectively and demonstrated commitment to his respective role, including commitment of time for the Board and Board Committee meetings and any other duties in FY2024.

No external evaluation facilitator was engaged for the financial year in review.

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.

Composition and Terms of Reference of Remuneration Committee

As at the date of this report, the RC comprises entirely of Non-Executive Directors, namely Mr. Tan, Professor He , and Ms. Xie Ming. The Chairman of the RC is Mr. Tan. As such, the RC comprises a majority of Independent Directors in compliance with Provision 6.2 of the Code.

Provision 6.1, 6.2 and 6.3

The principal functions of the RC, regulated by written TOR and undertaken by the RC during FY2024, include the following: -

(i) reviewing and recommending to the Board a general framework of remuneration for the Executive Directors and KMP, covering all aspects of remuneration, including but not limited to fees, salaries, allowances and bonuses;

(ii) reviewing and determining specific remuneration packages for each Executive Director and KMP so as to link rewards to corporate and individual performance so as to align them with the interests of Shareholders and promote the long-term success of the Group; and

(iii) reviewing all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind.

The RC reviews the framework for remuneration of the Board and the KMP and recommends to the Board for adoption. The RC also determines specific remuneration packages and terms of employment for each Executive Director and KMP.

The RC ensures that a formal and transparent procedure is in place for determining the remuneration packages of individual Directors and KMP. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and other benefits-in-kind shall be considered by the RC to ensure they are fair. No Director will be involved in deciding his own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberation. Each member of the RC shall abstain from deliberation and voting on any resolutions in respect of his remuneration package during its meeting. Any recommendations are submitted for endorsement by the entire Board.

In addition, where employees related to the substantial shareholders and Directors are employed, the RC will perform an annual review of such employees to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scope and level of responsibilities.

In the case of service contracts, the RC will review the compensation commitments in relation to the Directors' or KMP's contracts of service, if any, which would entail in the event of termination with a view to ensure that such contracts of services, if any, contain fair and reasonable termination clauses which are not overly generous.

RC's access to Independent Advice

The RC has full authority to obtain any external professional advice on matters relating to remuneration as and when the need arises. Provision 6.4

The RC and the Board were of the view that the Company does not need to engage remuneration consultants as the remuneration for Executive Directors and the KMP is based on their respective existing service agreements. There being no necessity, the RC did not seek the service of an external remuneration consultant in FY2024.

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.

Remuneration Structure of Executive Directors and Key Management Personnel

In setting remuneration packages, the Company keeps in mind the pay and employment conditions within the industry and in comparable companies. The level and structure of remuneration should be aligned with the Company's long-term interest and risk policies and appropriate to attract, retain and motivate the Executive Directors and the KMP to respectively provide good stewardship of the Company and manage the Company effectively. Provision 7.1

In reviewing and determining the remuneration packages of the Executive Directors and the Group's KMP, the RC also considers the following aspects when reviewing their remuneration packages: -

(a) their responsibilities and skills;

(b) expertise and years of experience; and

(c) performance-related incentives based on the revenue and profitability of the Group at a certain threshold.

Executive Directors do not receive Directors' fees. The performance-related elements of remuneration are designed to align the interests of Executive Directors with those of Shareholders and link rewards to the Group's financial performance.

The RC assesses whether Executive Directors and Management should be granted options or shares, and if so, the applicable vesting schedules.

The Company uses contractual provisions or other measures to reclaim the incentives or any related payments from the parties involved should there be any misstatements of financial results, or of misconduct resulting in financial loss to the Group.

Remuneration Structure of Independent Directors and Non-Executive Directors

The Independent Directors and Non-Executive Directors do not have service agreements with the Company. Provision 7.2

Each of the Non-Executive Directors (including the Independent Directors) receives director's fee. Non-Executive Directors (including the Independent Directors) who serve on the various Board Committees also receive an additional fee in respect of each Board Committee that they serve on.

In reviewing the recommendation for Independent Directors' and Non-Executive Directors' fees for FY2024, the RC had continued to adopt a framework of base fees for serving on Board and Board Committees, as well as fees for chairing as member or chairman of the Board Committees. The fees take into consideration the level of contribution of each Board member, including the effort and amount of time that each Board member may be required to devote to their role and the increasingly onerous responsibilities of the Directors. No Director is involved in deciding his/her own remuneration. The payment of Directors' fees is subject to approval of the Shareholders at each AGM. The Independent Directors have not been over-compensated to the extent that their independence is compromised.

Retention of Directors and KMPs

The Company advocates a performance-based remuneration system that is flexible and responsive to the market, and the performance of the Group's business units and individual employees. In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is transparent, competitive, relevant and appropriate in finding balance between the current and long-term objectives of the Company so as to be able to attract and motivate talents without being excessive and hereby maximise value for Shareholders. Provision 7.3

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.

Remuneration of Directors and Key Management Personnel

The table below sets out key information on the remuneration of each Director for FY2024. The remuneration of Non-Executive Directors (including the Chairman) does not include any variable component. Provision 8.1

Name of Director	Fee # $'000 (%)	Salary $'000 (%)	Bonus & Incentive $'000 (%)	Allowance & Benefits $'000 (%)	Stock Option $'000 (%)	Share Award $'000 (%)	Others $'000 (%)	Total Remuneration $'000 (%)	Remuneration Band ^
Executive Director									
Mr. Zheng Zhi Zhong	–	56 (55%)	34 (33%)	12 (12%)	–	–	–	102 (100%)	A
Ms. Dai Feng Yu	–	53 (62%)	32 (37%)	0.3 (1%)	–	–	–	85.3 (100%)	A
Non-Executive Director									
Ms. Xie Ming	69 (100%)	–	–	–	–	–	–	69 (100%)	A
Mr. Xie Ding Zhong	66 (100%)	–	–	–	–	–	–	66 (100%)	A
Mr. San Meng Chee	35 (100%)	–	–	–	–	–	–	35 (100%)	A
Mr. Tan Wei Shyan	37 (100%)	–	–	–	–	–	–	37 (100%)	A
Mr. Wang He Ming	31 (100%)	–	–	–	–	–	–	31 (100%)	A
Professor He Ming Yang	49 (100%)	–	–	–	–	–	–	49 (100%)	A
Mr. Lee Gee Aik (1)	20 (100%)	–	–	–	–	–	–	20 (100%)	A
Ms. Tan Min Li (1)	17 (100%)	–	–	–	–	–	–	17 (100%)	A
Mr. Andrew Bek (2)	14 (100%)	–	–	–	–	–	–	14 (100%)	A

Notes:

(1) Retired as Independent Director upon the conclusion of Last AGM.
(2) Resigned as Independent Director upon the conclusion of the Last AGM.
Directors' fees amounted to S$346,000 for FY2024 has been approved by the Shareholders at the Last AGM (or "**2024 AGM**").
^ Remuneration Band A refers to remuneration of up to S$250,000 per annum

The Company is of the view that the intent of Principle 8 was met, as the remuneration policies and the procedure for setting remuneration applicable to the Executive Directors are described above, and the level and mix of remuneration is disclosed in the above table.

The Board supports and is aware of the need for transparency. However, after deliberation, the Board is of the view that as the remuneration packages are confidential and sensitive in nature, full disclosure of the specific remuneration of the Group's KMP (who are not directors) may be prejudicial to its business interests given the highly competitive environment it is operating in. The RC has reviewed the practise of the industry in weighing up the advantages and disadvantages of such disclosure. Inter alia, the Board has taken into account the very sensitive nature of the matter, the relative size of the Group, the highly competitive business environment the Group operates in, the competitive pressures in the talent market and the irrevocable negative impact such disclosure may have on the Group, and which would place the Group in a disadvantageous position.

A breakdown, showing the level and mix of each KMP's remuneration payable for FY2024 in bands of S$250,000 which provides sufficient overview of the remuneration of the KMP are as follows: -

Name of Key Management Personnel	Salary	Bonus	Benefits	Total Remuneration
Below S$250,000	**%**	**%**	**%**	**%**
Mr. He Zu Bing	63	25	12	100
Ms. Li Juan	63	23	14	100
Mr. Zhong Xu Guang	51	39	10	100
Ms. Xie Fang Hua	56	30	14	100

The annual aggregate remuneration paid to or accrued to KMP (who are not Directors or CEO of the Company) for FY2024 was S$227,930.

Notwithstanding that the Company did not disclose the exact remuneration of key management personnel (who are not Director or CEO of the Company) for FY2024, the Board is of the view that the Company has provided sufficient transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation as well as the shareholders' interest will not be prejudiced since the total aggregate remuneration has been disclosed for KMP. Other than this, the Company has complied with the rest of the disclosure requirements under Provision 8.1 of the Code.

The Company has a remuneration policy, which comprises a fixed component and a variable component. The fixed and variable components are in the form of a base salary and a variable bonus, respectively, and take into account the performance of the Company and the performance of the individual Executive Director and KMP, to allow for the alignment of their interests with that of Shareholders.

There are currently no long-term incentives for the Executive Directors and KMP in their service agreements. The Executive Directors' and KMP's short-term incentives (namely the performance related variable component) proposed by the Non-Independent Non-Executive Chairman are reviewed before being recommended by the RC for approval by the Board.

During FY2024 under review, there was no termination, retirement or post-employment benefits to any Director or KMP.

Remuneration of Employees who are Substantial Shareholder, or Immediate Family Members of Directors, the CEO and/or Substantial Shareholders of the Company

Save for Mr. Xie Ding Zhong, a Non-Executive Director, who is the father of Ms. Xie Ming, the Non-Independent Non-Executive Chairman of the Board, there is no family relationship between any of the Directors and/or the key executive, or between any of the Directors, key executive and substantial shareholder. Provision 8.2

In addition, there is no employee who is the substantial shareholder of the Company, or an immediate family member of a Director, CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during the financial year under review.

Share Option Scheme

The Company has in 2014 adopted an employee share option scheme and performance share plan whereby employees and Directors (including Non-Executive Directors and Independent Directors) of 21 years old and above, and who are not undischarged bankrupts or entered into compositions with their creditors are eligible to participate. Controlling Shareholders and Associates of Controlling Shareholders are not eligible to participate. The scheme and plan are intended to align the interests of the employees with that of the Company's Shareholders. However, the employee share option scheme ("ESOS") and performance share plan ("PSP") expired on 29 April 2024. Provision 8.3

Notwithstanding the expiry of the Scheme, there are still options granted previously which have yet to be exercised/expired. Further details on the outstanding options are found in the Directors' Statement. Rule 1207 (16)

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.

Risk Management System

The Board as a whole is responsible for risk management and no separate risk committee has been established. The Management regularly reviews the Company's business and operational activities and control policies and procedures, and highlights areas of significant risks to the Board. The Board then determines the Company's levels of risk tolerance and risk policies, and oversees the design, implementation and monitoring of the Group's risk management and internal control systems. Provision 9.1

To ensure that internal controls and risk management processes are adequate and effective, the AC is assisted by various independent professional service providers. External Auditors provide reasonable assurance on the true and fair presentation of the Group's financial statements. Internal Auditors provide assurance that control over the key risks of the Group is adequate and effective. The External Auditors carry out statutory audits annually in accordance with their audit plan. Control observations noted during their audits and their recommendations thereto are reported to the AC. The AC will follow up to review the actions taken by Management to address the weaknesses highlighted based on the recommendations made by the External Auditors and Internal Auditors.

Assistance from Internal Auditors

To enhance the Group's system of internal controls, the Board appointed an external professional firm, namely Peking Certified Public Accountants LLP ("Internal Auditors"), to review the Group's internal controls system and recommend any improvements to internal control weaknesses noted, and to expand and enhance on its policies and procedures manual.

The key information relating to the Internal Auditors is set out below: -

(a) Size

Peking Certified Public Accountants LLP was founded in 1992 with the approval of the Ministry of Finance (China), and registered at the State Administration of Industry and Commerce with a capital contribution of RMB21 million and Mr. Hu Bai He as the principal partner.

As of December 31, 2024, Peking Certified Public Accountants LLP has 1,360 employees who are professionals in finance, accounting, audit, tax, IT, management consulting, including 406 certified public accountants ("CPA"), 8 senior CPAs, 14 CPA industry leaders.

Peking Certified Public Accountants LLP is qualified to conduct securities and futures audit, state-owned super-large enterprise audit, financial business audit and is a member of the National Association of Financial Market Institutional Investors. As a formal member of DFK International Federation of Accountants, it is one of the earliest comprehensive firms with large scale and sound qualifications.

(b) Track Record

In FY2023, Peking Certified Public Accountants LLP reported revenue of RMB464 million and ranked 21 in business revenue published by Chinese Institute of Certified Public Accountant. In FY2023, the number of audit clients they have serviced is as follows:

Audit clients	**Number**
Audit annual reports of listed companies	32
Internal audit	45
Others #	4,300

Others include central and large state-owned enterprises annual financial statements, central enterprise economic responsibility, banks and non-bank financial institutions, corporate restructuring, reorganization, IPO, management consulting and auditing of financial statements of private enterprises, etc.

(c) Engagement Partner

Mr. Zhang Guang Qing is the Company's internal audit engagement partner. He holds a China Certified Public Accountant certificate. His strong audit working experience of over 30 years is one of the factors the Group has taken into consideration in its selection of IA service provider.

(d) The Oversight Professional Bodies

Peking Certified Public Accountants LLP is a member of the Chinese Institute of Certified Public Accountants. The Professional Bodies that oversee standards of such professional firms include The Chinese Institute of Certified Public Accountants, the Ministry of Finance of the People's Republic of China and the China Securities Regulatory Commission etc.

(e) Internal audit standards

The internal audit work carried out is guided by the International Standards for the Professional Practise of Internal Auditing issued by the Institute of Internal Auditors.

(f) Served similar clients

In FY2023, the number of internal audit performed on clients which are listed and of similar size and scale to the Company is as follows: -

Internal Audit clients of listed companies	**Number**
Listed Clients of China Main Board Market	11
Listed Clients of China SME (Small and Medium Enterprise) Board Market	8

The Board is responsible for ensuring that Management maintains a sound system of internal controls to safeguard Shareholders' investments and the Group's assets. For FY2024, based on (i) the Group's framework of management controls, (ii) the internal control policies and procedures established and maintained by the Group and (iii) regular audits and reviews performed by the Internal and External Auditors, the Board, with the concurrence of the AC, is of the opinion that the systems of internal controls and risk management within the Group are adequate and effective as at 31 December 2024 to address financial, operational, compliance risks and information technology risks which the Group considers relevant and material to its operations. There were no material weaknesses identified by the Board or the AC for FY2024.

The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost-effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss due to error, fraud or other irregularities.

Any material 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 controls system.

Assurance from CEO, Chief Financial Officer, Financial Controller and KMP

For the financial year under review, the Board has received the written assurance from the CEO, Chief Financial Officer, Financial Controller and KMP that the financial records have been properly maintained and the financial statements of the Group for FY2024 give a true and fair view of the Company's operations and finances. Provision 9.2

The Board has also received assurance from the CEO and KMP responsible for risk management and internal control systems that, as at 31 December 2024, the Group's risk management and internal controls system in place are adequate and effective to address the financial, operational, compliance and information technology risks in the context of the current scope of the Group's business operations.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Composition and Terms of Reference of Audit Committee

The AC comprises the following three (3) Independent Directors, who have recent and relevant accounting or related financial management expertise or experience to discharge their responsibilities: - Provision 10.1 and 10.2

i) Mr. San Meng Chee (Chairman)
ii) Mr. Tan Wei Shyan
iii) Mr. Wang He Ming

The Board is of the view that all the AC members are appropriately qualified to discharge their responsibilities.

The AC has been given full access and obtained the co-operation of Management. The AC has explicit authority to investigate any matter within its TOR. It has full discretion to invite any Director or executive officer to attend its meetings and be given reasonable resources to enable it to discharge its functions properly.

The AC meets on a quarterly basis, and on an ad-hoc basis when required, during the year. The AC, which has written TOR, performs, inter alia, the following main functions: -

i) review the audit plan and discuss with the External Auditors, their evaluation of the system of internal controls, their audit report, their management letter and the management's response;

ii) review the internal audit plan and discuss with the Internal Auditors, their evaluation of the adequacy and effectiveness of the Company's internal controls;

iii) review the half yearly results and full year results before submission of the same to the Board for approval (including the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any announcements relating to the Group's financial performance);

iv) conduct an annual review of the effectiveness and adequacy of the internal controls and procedures with the External Auditors, Internal Auditors and the Management;

v) meet with External and Internal Auditors without the presence of the Management at least annually and review the co-operation given by the Company's officers to External and Internal Auditors;

vi) review the Group's key risk areas, as identified by the External and Internal Auditors in the course of their audits;

vii) review the effectiveness, adequacy, scope and results of the external audit, and where External Auditors provide non audit services, review the nature, extent and cost of such services and the independence and objectivity of the External Auditors;

viii) review the terms of engagement, appointment or re-appointment of the External and Internal Auditors and matters relating to their resignation or dismissal;

ix) review interested person transactions falling within the scope of Chapter 9 of the Listing Manual, if any; and

x) any potential conflicts of interest.

To keep abreast of the changes in accounting standards and issues which have a direct impact on financial statements, discussions are held with the external auditors when they attend the AC meetings during FY2024. The AC members were encouraged to attend external courses conducted by relevant professional institutes as and when deemed necessary or upon request.

The Board conducts periodic reviews and assessments of the internal controls for its financial, operational and compliance functions, and the internal audit systems put in place by Management to ensure the integrity and reliability of the Group's financial information and to safeguard its assets. Any recommendations from the internal and external auditors to further improve the Company's internal controls are reported to AC.

In the review of the Financial Statements of the Group and the Company for FY2024, the AC has discussed with Management the accounting practises adopted for the financial year, including accounting policies, accounting estimates and financial statements disclosures have been adopted. The AC has also reviewed the judgements made by Management and with the External Auditors which might affect the integrity of the financial statements.

The AC reviewed and addressed, among other matters, the following key audit matters ("**KAMs**") as reported by the external auditors for FY2024:-

Key Audit Matters	How the AC reviewed and responded to the KAMs
Impairment of trade receivables and contract assets *Refer to page 91 in the Independent Auditor's Report of this Annual Report*	The AC discussed with the Management the approach taken to determine the impairment for trade receivables and contract assets at 31 December 2024. The AC also reviewed the reasonableness of the basis of impairment and factors that influenced management's judgement. Impairment of trade receivables and contract assets was also an area of focus for the External Auditors. The External Auditors has included this item as a key audit matter in its auditor's report for FY2024.
Revenue from chemical systems and components ("CSC") business and chemical engineering and technology ("CET") engineering services *Refer to pages 91 and 92 in the Independent Auditor's Report of this Annual Report*	The AC discussed with the Management the approach and methodology used to determine cost estimates and budgets used in their application to measure the progress toward completion of contract, for CSC revenue recognised over time. The AC also discussed and reviewed with the External Auditors on the adequacy for provision for onerous contracts at 31 December 2024. Revenue recognition from CSC business and CET engineering services was also an area of focus for the External Auditors. The External Auditors has included this item as a key audit matter in its auditor's report for FY2024.

Following the above review and discussion, the AC recommended to the Board to approve the FY2024 Financial Statements.

The AC review annually the non-audit services provided by External Auditors and determines whether the provision of such services affects their independence. During FY2024, the External Auditors of the Group did not provide any non-audit services to the Group. The breakdown of fees (audit and non-audit fees) paid to auditors are set out in Note 8 of the Consolidated Audited Financial Statement of the Group for FY2024. Ernst & Young LLP and its member firms are the auditors of the Company and its subsidiary. The Board and AC are of the view that the Company is in compliance with Rules 712 and 715 of the Listing Manual in relation to its External Auditors.

Having reviewed the nature and extent of non-audit services rendered by the External Auditors to the Company for FY2024, the AC is of the opinion that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditors. The AC had therefore recommended to the Board that the auditors, Ernst & Young LLP, be nominated for re-appointment as auditors at the forthcoming AGM of the Company. The auditors, Ernst & Young LLP, have indicated their willingness to accept re-appointment.

In reviewing the nomination of Ernst & Young LLP for re-appointment for the financial year ending 31 December 2025, the AC has considered and reviewed various factors including the adequacy of resources, the experience of the auditing firm and the audit engagement partner and taken into account the ACRA's Audit Quality Indicators Disclosure Framework relating to the audit firm's level. Considerations were also given to the number and experience of supervisory and professional staff to be assigned to the audit, the size and complexity of the Group and its businesses and operations. The AC also considered the audit team's ability to work in a co-operative manner with the Management and/or Board whilst maintaining integrity and objectivity and its ability to deliver their services professionally and within agreed timelines.

On the basis of the above, AC is satisfied with the standard and quality of work performed by External Auditors and has recommended the re-appointment of Ernst & Young LLP as External Auditors of the Company, subject to the shareholders' approval at the forthcoming AGM.

Whistle Blowing Policy

The AC is responsible for oversight and monitoring of the whistleblowing and, has put in place a whistle-blowing policy ("WP Policy") arrangement whereby the staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters to the AC Chairman or the Company Secretary or the designated officer. Details of the WP Policy, together with the dedicated whistle blowing communication channels (such as email contact and address) have been made available to all employees. It has a well-defined process which ensures that the identification of the whistle-blower is still kept as confidential, independent investigation of issues/concerns raised and arrangements in place for the independent investigation of such matters for appropriate follow-up actions to be taken and provides assurance that whistleblower will be protected from reprisal within the limits of the law or victimization for whistle blowing in good faith. Anonymous reporting will also be attended to, and anonymity honored. Also, the AC reviews all the whistleblowing complaints (if any) at its quarterly AC meetings to ensure appropriate action is taken.

If there is any amendment or modification of the WP Policy regardless in whole or in part, at any time without assigning any reason whatsoever, it is subject to the approval of the Board of Directors of the Company. During FY2024, there was no subsequent amendment or modification made to the existing WP Policy after the adoption of the latest WP Policy on 5 August 2022.

The Company has clearly communicated to its employees on the existence of the WP Policy which is in compliance with Rule 1207(18B) as elaborated below: -

(a) The Company has procedures for raising such concerns to the AC Chairman and has an independent function comprising the AC Chairman and AC members to investigate whistleblowing reports made in good faith;

(b) The Company has clear channels through which staff and other persons may, in confidence, raise their concerns about possible improprieties, fraudulent activities or malpractises within the Company in a responsible and effective manner;

(c) The Company has arrangements and processes to facilitate independent investigation of such concerns and for appropriate follow-up action;

(d) The Company has confidentiality clauses that protect identification of the whistle-blower and ensures that the identity of the whistle-blower is kept confidential; and

(e) The Company is committed to ensuring the protection of the whistleblower against any detrimental and unfair treatment.

The procedures for whistleblowing are disseminated to new employees as part of their orientation training, with the contact information of the AC Chairman or the Company Secretary or the designated officer provided therein.

During FY2024, no whistle-blowing reports were received and reported to the AC Chairman or the Company Secretary or the designated officer via the channel set out in the WP Policy.

Relationship with External or Internal Auditors

The AC is satisfied that the Company has complied with Rule 712 and Rule 715 of the Listing Manual in relation to its auditing firms. No former partner or director of the Company's existing auditing firm is a member of the AC (a) within a period of two (2) years commencing on the date of their ceasing to be a partner or director of the audit firm; or (b) holds any financial interest in the audit firm. Provision 10.3

Internal Audit Function

The AC approves the appointment, termination or removal, evaluation and the remuneration of the Internal Auditors. The Internal Auditors have unfettered access to all the Group's documents, records, personnel and the AC. Provision 10.4

The Company has outsourced its internal audit function to Peking Certified Public Accountants LLP based in China. The Internal Auditors' primary line of reporting is to the AC Chairman.

The primary role of the Internal Auditors is to assist the AC in ensuring that the internal controls of the Group are adequate, effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high-risk areas. The AC is satisfied that the Internal Auditors are adequately resourced and have the appropriate standing to perform its function effectively. The AC is also satisfied that the Internal Auditors are suitably qualified and experienced professionals with the relevant experience to perform its function effectively.

Peking Certified Public Accountants LLP is a member of Chinese Institute of Certified Public Accountants. The internal audit work carried out is guided by the International Standards for the Professional Practise of Internal Auditing issued by the Institute of Internal Auditors. For more details of the background of Internal Auditor, kindly refer to Provision 9.1 of this Report.

The Internal Auditors had submitted a report to AC on their work conducted for FY2024. Management is working to ensure that timely and proper implementation of improvement measures are closely monitored, and a follow-up review will be carried out by the internal auditors at a later as well as provides the necessary co-operations to enable the Internal Auditors to perform its function.

The Internal Auditors plan their internal work schedules in consultation with, but independent of management. The audit plan is examined and submitted to the AC for approval prior to the commencement of the internal audit work. The AC has reviewed the report of the internal audit conducted in FY2024 and is satisfied that the internal audit function is adequate and effective.

In addition, the Internal Auditors may be involved in an ad-hoc assignment initiated by the Management which requires the assistance of internal controls in specific areas of concerns from time to time, if any.

Meeting with External and Internal Auditors

AC meets separately with the External Auditors and Internal Auditors, at least once a year, via teleconference without the presence of Management to discuss or review their findings and provide opportunities for the External Auditors and Internal Auditors to bring to its attention any significant matters encountered during the course of their audit. Provision 10.5

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.

Provision of Information to Shareholders

The Board is mindful of its obligation to release timely and fair disclosure of material information and does not practise selective disclosure. In line with the Group's disclosure obligations pursuant to the Listing Manual and the Companies Act 1967 (the "Act"), the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner for all material developments that impact the Group via SGXNet on an immediate basis. The Group recognises that the release of timely and relevant information is central to good corporate governance and enables Shareholders to make informed decisions in respect of their investments in the Company and will ensure that all information disclosed is as descriptive, detailed and forthcoming as possible. Provision 11.1

Shareholders are encouraged to attend the AGM to ensure a greater level of shareholders' participation and for them to be kept up to date with the strategies and goals of the Group. All shareholders of the Company receive a copy of the annual report, the notice of AGM and circulars and notices pertaining to any extraordinary general meeting of the Company. Notices of all general meetings will be announced on SGXNet. The Company will comply with its Constitution, the Act and the Listing Manual in respect of the requisite notice periods for convening general meetings. The notice of an AGM is accompanied by the Company's annual report. Any notice of an extraordinary general meeting will also be accompanied by a circular or letter to Shareholders, providing sufficient detail on the proposals to be considered at the meeting.

The Annual Report including the Notice of AGM and proxy form and Circular (if applicable) ("AGM documents") are available to Shareholders. The AGM documents are published through the company's website and on the SGX-ST website at the URL https://www.sgx.com/securities/company-announcements.

The rights of Shareholders, including the details of the rules governing voting procedures at general meetings, are contained in the Company's Constitution and are also set out in applicable laws including the Act.

Proxies

Currently, the Constitution of the Company allows a Shareholder of the Company to appoint up to two proxies to attend and vote at general meetings. Pursuant to Section 181 of the Act, a member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote in his/her stead. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Act. A proxy need not be a member of the Company.

To facilitate participation by the shareholders, the Constitution of the Company allows the shareholders entitled to attend and vote at general meetings of the Company to appoint not more than two proxies to attend and vote on behalf. In the case of a shareholder who is a relevant intermediary (as defined in the Act), it may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. The proxy forms are to be deposited at the Company's Share Registrar office not less than 48 hours before the meeting. Detailed information on each item of the AGM agenda can be found in the explanatory notes to the AGM Notice in the Annual Report.

Separate resolutions at General Meetings

The Company practises having separate resolutions at general meetings and such resolutions are, as far as possible, structured separately and may be voted on independently. Where resolutions are "bundled", the Company explains the reasons and material implications in the notice of general meetings. All resolutions at general meetings of the Company are put to vote by poll in line with Rule 730A of the Listing Manual. Provision 11.2

The Company acknowledges that voting by poll in all its general meetings is integral in the enhancement of corporate governance. The Company adheres to the requirements of the Listing Manual and the Code. All resolutions at the Company's general meetings are put to vote by poll. The detailed results of each resolution are announced via SGXNet after the general meetings.

There was no resolution "bundled" for the Shareholders' approval at the Last AGM.

Attendees at General Meetings

All Shareholders are entitled to attend general meetings of the Company and are given the opportunity to raise questions to the Board, participate effectively and to vote at such meetings. Provision 11.3

The Directors, in particular, the respective Chairman of the Board Committees and the Management are in attendance at the AGM and other general meetings to assist the Company in addressing any relevant queries by Shareholders. The Company's External Auditor are also present at the AGM to address Shareholders' queries about the conduct of the audit and the preparation and content of the auditor's report.

Voting in Absentia

The Company has not amended the Constitution to provide for other methods of voting in absentia due to security and integrity concerns. The Company noted that provision for such other methods of voting in absentia would also require a costly system of authentication to ensure the integrity of information and the identity of shareholders in telephonic and electronic media. Provision 11.4

Minutes of General Meetings

Under Provision 11.5 of the Code, the Company should publish the minutes of general meetings of Shareholders on SGXNet and/or its corporate website as soon as practicable and such minutes shall record substantial and relevant comments or queries from Shareholders relating to the agenda of the general meeting, and responses from the Board and management. The Company has adopted this practise since its AGM held in year 2020 and such minutes of general meetings of the Company will be published on SGXNet and/or its corporate website at https://www.anchun.com/agm-minutes/ as soon as practicable, for the information of the Shareholders. Provision 11.5

Dividend Policy Guideline

The Company does not have a formal dividend policy. The form, frequency and amount of dividend will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Board may deem appropriate. Any pay-outs are clearly communicated to shareholders via the financial results announcements through SGXNET. Provision 11.6

The Board has proposed, for Shareholders' approval at the AGM, a tax exempt (one-tier) final cash dividend of Renminbi Twelve cents (RMB0.12) per ordinary share for FY2024.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilities the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Communication with Shareholders

In line with the continuous disclosure obligations under the requirements of the Listing Manual and requirements of the Act, the Board informs the shareholders promptly of all major developments that may have a material impact on the Group. Provision 12.1

The Company's general meetings are the principal forum for dialogues with its shareholders where the Board and Management address shareholders' concerns, if any. The Company may also solicit views or inputs of shareholders during general meetings.

The Company recognises the importance of regular, effective and timely communication with the shareholders. The Board is mindful of its obligation to provide timely and fair disclosure of material information to shareholders. Shareholders are kept abreast of results and other material information concerning the Group through regular and timely dissemination of information via SGXNET announcements, annual reports, and various other announcements made during the year. The Company does not practise selective disclosure but in the event where there is inadvertent disclosure made to a select group, the Company endeavours to make the same disclosure publicly to all others as promptly as possible.

All materials on the half-yearly and full year financial results are available on the Company's website at https://www.anchun.com. The comprehensive website, which is updated regularly, also contains various others investor related information on the Company which serves as an important resource for investors.

The Company also provides the Company's email address at info@anchun.com. on the corporate website through which shareholders may contact the Company with their questions.

Investor Relations Policy

The Board places great emphasis on investor relations. The Company strives to maintain a high standard of transparency and promote better investor communication. Provision 12.2 and 12.3

The Company believes that a high standard of disclosure is essential to raise the level of corporate governance. Interim and full year results and press releases are published on SGXNet. All information on the Company's new initiatives is first disseminated via SGXNet followed by a press release.

Where there has been an inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

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.

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to secure the long-term future of the Company. Provision 13.1 and 13.2

The Company's efforts on sustainability are focused on creating sustainable value for our key stakeholders, which include communities, customers, staff, regulators, Shareholders and vendors.

Nevertheless, the Company has announced the price-sensitive information is publicly released and is announced promptly and within the mandatory period as required and its Sustainability Report 2024 announced together with this Annual Report.

The Company maintains a corporate website at https://www.anchun.com to communicate and engage with stakeholders.

In FY2024, the Group has reported its sustainability performance in accordance with the SGX Sustainability Report Guide, with reference to the Global Reporting Initiative reporting framework and has aligned its climate-related disclosures with the Task Force on Climate-related Financial Disclosures in the four key areas of governance, strategy, risk management and metrics and target. It has also mapped the material environmental, social and governance topics to the United Nations Sustainable Development Goals and will continually review the Group's sustainable business strategy to improve the stewardship and reporting format. Detailed information is set out in this Annual Report at pages 16 to 38.

Corporate Website

All material information on the performance and development of the Group and of the Company is disclosed in a timely, accurate and comprehensive manner through SGXNet, press releases, or the Company's website at https://www.anchun.com. Provision 13.3

OTHER CORPORATE GOVERNANCE MATTERS

Dealing in Securities

In compliance with Rule 1207(19) of the Listing Manual and on best practises, the Company has adopted policies to provide guidance to its officers relating to dealings in the Company's securities.

The Company and its officers are prohibited from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are also not allowed to deal in the Company's securities during the period commencing one month before the announcement of the Company's financial statements for the half-yearly and full financial year and ending on the date of announcement of the relevant results.

In addition, Directors and officers are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

Interested Person Transactions

The Company does not have a general mandate from Shareholders for recurrent interested person transactions. The Company has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such transactions.

All interested person transactions will be documented and submitted periodically to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Company.

Details of the interested person transactions entered into by the Group for FY2024 as required to be disclosed pursuant to Rule 1207(17) of the Listing Manual are set out below: -

Name of interested person	Aggregate value of all interested person transactions during FY2024 (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Nil	Nil	Nil

Material Contracts

Pursuant to Rule 1207(8) of the Listing Manual, the Company confirms that except as disclosed in the Directors' Statement and Financial Statements, there were no other material contracts of the Company and its subsidiary involving the interests of the CEO or any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

Update on usage of IPO Proceeds

As at 31 December 2024, the net proceeds from Group's initial public offering had been utilised in accordance with the intended purposes as follows: -

Usage of IPO proceeds		Amount allocated (RMB'000)	Amount utilised (RMB'000)	Balance (RMB'000)
(A)	Expand our production facilities and capacities	84,238	28,847	55,391
(B)	Enhance our R&D capabilities and widen our range of innovative and cost-effective solutions	15,479	15,479	–
(C)	Working capital purposes	33,772	33,772	–
Total		133,489	78,098	55,391

The breakdown of working capital utilization is as follows: -

Usage of IPO proceeds for working capital	Amount utilised (RMB'000)
For carbon monoxide shift catalyst unit and technology implementations	15,868
For expanding sales and marketing capabilities and initiatives	6,206
For developing of Engineering Procurement Constructions business	11,698
Total	33,772

Key Information on Director seeking Re-election pursuant to Rule 720(6) of the Listing Manual

The following information on Mr. San Meng Chee, Mr. Tan Wei Shyan, Mr. Wang He Ming, Ms. Xie Ming and Mr. Xie Ding Zhong who is seeking for re-election as Director at the forthcoming AGM of the Company, is to be read in conjunction with his/her biography in this Annual Report.

Name of Directors	San Meng Chee	Tan Wei Shyan	Wang He Ming	Xie Ming	Xie Ding Zhong
Date of Appointment	25 April 2024	25 April 2024	25 April 2024	2 November 2009	2 November 2009
Date of last re-appointment (if applicable)	Not Applicable	Not Applicable	Not Applicable	25 April 2022	25 April 2022
Age	60	47	60	52	87
Country of principal residence	Singapore	Singapore	People's Republic of China	United State of America	People's Republic of China
The Board's comment on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution, performance, attendance preparedness, participation and suitability of San Meng Chee for re-election as Director of the Company and concluded that he possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution, performance, attendance preparedness, participation and suitability of Tan Wei Shyan for re-election as Director of the Company and concluded that he possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution, performance, attendance preparedness, participation and suitability of Wang He Ming for re-election as Director of the Company and concluded that he possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution, performance, attendance preparedness, participation and suitability of Xie Ming for re-election as Director of the Company and concluded that he possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution, performance, attendance preparedness, participation and suitability of Xie Ding Zhong for re-election as Director of the Company and concluded that he possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.

Name of Directors	San Meng Chee	Tan Wei Shyan	Wang He Ming	Xie Ming	Xie Ding Zhong
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive	Non-Executive	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of Audit Committee and Member of Nominating Committee	Independent Director, Chairman of Remuneration Committee and Member of Audit and Nominating Committee	Independent Director and Member of Audit Committee	Non-Independent Director and Member of Remuneration Committee	Non-Independent Director and Member of Nominating Committee
Professional qualifications	As set out in profile write up at page 12 of this Annual Report	As set out in profile write up at page 13 of this Annual Report	As set out in profile write up at page 13 of this Annual Report	As set out in profile write up at page 10 of this Annual Report	As set out in profile write up at page 11 of this Annual Report
Working experience and occupation(s) during the past 10 years	As set out in profile write up at page 12 of this Annual Report	As set out in profile write up at page 13 of this Annual Report	As set out in profile write up at page 13 of this Annual Report	As set out in profile write up at page 10 of this Annual Report	As set out in profile write up at page 11 of this Annual Report
Shareholding interest in the listed issuer and its subsidiaries	None	None	None	Deemed interest of 10,967,200 ordinary shares held by Ace Sence Holdings Limited in the Company	Deemed interest of 120,000 ordinary shares held by Ace Sence Holdings Limited in the Company
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None	None	Daughter of Xie Ding Zhong, Non-Independent Non-Executive Director	Father of Xie Ming, Non-Independent Non-Executive Director

Name of Directors	San Meng Chee	Tan Wei Shyan	Wang He Ming	Xie Ming	Xie Ding Zhong
Conflict of interest (including any competing business)	None	None	None	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes	Yes
Other principal commitments including directorships	Past (for last 5 years) (a) Mencast Offshore & Marine Pte Ltd 16 October 2017 to 9 May 2024) (b) Mencast Energeers Pte Ltd (16 October 2017 to 5 February 2024) (c) Unidive Marine Services (Malaysia) Sdn Bhd (3 August 2020 to 28 September 2022) (d) Unidive Subsea Pte Ltd (formerly known as Mencast Subsea Pte Ltd) (22 May 2020 to 30 June 2022)	Past (for last 5 years) (a) Ecowise Holdings Ltd (August 2019 to April 2021)	Past (for last 5 years) (a) Executive Deputy General Manager of Zhongxin Energy Chemical Technology Co., Ltd. (from year 2017 to 2020)	Past (for last 5 years) Nil	Past (for last 5 years) Nil

Name of Directors	San Meng Chee	Tan Wei Shyan	Wang He Ming	Xie Ming	Xie Ding Zhong
	(e) KSE Development Pte Ltd (formerly known as Mencast-KSE Pte Ltd) (26 May 2018 to 12 November 2020) (f) Unidive Offshore Private Limited (22 May 2020 to 30 June 2022) (g) S&W Pte Ltd (from 16 October 2017 to 19 February 2025) (h) Virestorm Pte Ltd (from 26 August 2020 to 20 February 2025)				
	Present	Present	Present	Present	Present
	(a) Mencast Holdings Ltd (from May 2017) (b) Mencast Energy Pte Ltd (from 16 October 2017) (c) Mencast Procurement (Singapore) Pte Ltd (from 16 October 2017) (d) Top Great Engineering & Marine Pte Ltd from 16 October 2017)	(a) JEP Holdings Ltd (from April 2024) (b) Famtan Holdings Pte Ltd (from 2022) (c) Famtan Services Pte Ltd (from 2022) (d) Shyan Investment Pte Ltd (from 2022)	(a) Chief Engineer of Xinjiang Energy Co., Ltd (from March 2023) (b) Director of Science and Technology Department of China Datang Corporate Ltd. (from September 2020)	(a) Ace Sence Holdings Ltd.	Nil

Name of Directors	San Meng Chee	Tan Wei Shyan	Wang He Ming	Xie Ming	Xie Ding Zhong
	(e) Top Great Holdings Pte Ltd (from 16 October 2017) (f) Mencast Investment Holdings Pte Ltd (from 24 May 2018) (g) Menji Pte Ltd (from 13 March 2020) (h) Chin Yee Engineering & Machinery Pte Ltd (from 30 May 2022) (i) Menji International Pte Ltd (from 30 March 2023)				
Information required under items (a) to (k) of Appendix 7.4.1 of the Listing Manual	There is no change to the responses previously disclosed by San Meng Chee under items (a) to (k) of Appendix 7.4.1 of the Mainboard Listing Manual which were "No" except the items h and k The Appendix 7.4.1 information was announced on 9 April 2024.	There is no change to the responses previously disclosed by Tan Wei Shyan under items (a) to (k) of Appendix 7.4.1 of the Mainboard Listing Manual which were "No". The Appendix 7.4.1 information was announced on 9 April 2024.	There is no change to the responses previously disclosed by Wang He Ming under items (a) to (k) of Appendix 7.4.1 of the Mainboard Listing Manual which were "No". The Appendix 7.4.1 information was announced on 9 April 2024.	There is no change to the responses previously disclosed by Xie Ming under items (a) to (k) of Appendix 7.4.1 of the Mainboard Listing Manual which were "No". The Appendix 7.4.1 information was announced on 7 April 2022.	There is no change to the responses previously disclosed by Xie Ding Zhong under items (a) to (k) of Appendix 7.4.1 of the Mainboard Listing Manual which were "No". The Appendix 7.4.1 information was announced on 7 April 2022.

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Anchun International Holdings Ltd. (the "Company") and its subsidiary (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2024.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Zheng Zhi Zhong
Dai Feng Yu
Xie Ding Zhong
Xie Ming
He Ming Yang
San Meng Chee
Tan Wei Shyan
Wang He Ming

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act 1967 (the "Act"), an interest in shares of the Company and related corporations (other than wholly owned subsidiary) as stated below:

	Direct interest			Deemed interest		
Name of director	At the beginning of financial year	At the end of financial year	As at 21 January 2025	At the beginning of financial year	At the end of financial year	As at 21 January 2025
Ordinary shares of the Company						
Xie Ding Zhong	120,000	120,000	–	–	–	–
Dai Feng Yu	–	–	–	3,944,500	3,887,500	3,887,500
Xie Ming	–	–	–	10,800,000	10,800,000	10,843,000
Zheng Zhi Zhong	–	–	–	4,891,700	4,888,100	4,888,100

At the end of the financial year, Dai Feng Yu is deemed to have an interest in 3,887,500 shares of the Company through Dawn Vitality International Limited.

At the end of the financial year and as at 21 January 2025 respectively, Xie Ming is deemed to have an interest of 10,800,000 and 10,843,000 ordinary shares in the Company through Ace Sense Holdings Limited.

At the end of the financial year, Zheng Zhi Zhong is deemed to have an interest in 4,888,100 shares of the Company through Oriental Eagle Holdings Limited.

Dawn Vitality International Limited holds 4,057,500 (2023: 4,114,500) shares, of which 170,000 shares are held on trust for certain employees under Anchun Performance Share Plan 2014.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Share options and share awards

In developing long-term incentive schemes, the Company's main objectives are to provide its employees an opportunity to participate in the equity of the Company and to enhance its competitive edge in attracting, recruiting and retaining talented key senior management and employees. In line with these objectives, the Company has adopted the Anchun Performance Share Plan 2014 ("Anchun PSP") and Anchun Employee Share Option Scheme 2014 ("Anchun ESOS").

The Company has adopted the Anchun PSP and Anchun ESOS which were approved by the shareholders at the Extraordinary General Meeting held on 29 April 2014. The Remuneration Committee is responsible for administering the Anchun PSP and Anchun ESOS.

Share options and share awards (cont'd)

In 2014, the Company has granted an aggregate of 1,700,000 share awards under the Anchun PSP to certain employees by way of transferring all its treasury shares to Dawn Vitality International Limited to be held on trust for such employees (the "EBT shares"). The 1,700,000 EBT shares under the awards were consolidated to 170,000 shares following a 10 to 1 ordinary share consolidation exercise effective from 26 May 2016.

In 2017, employees of the Group became beneficially interested in an aggregate of 144,000 EBT shares after fulfilling the three years' service condition of the awards granted to them in FY2014. Of the remaining 26,000 EBT shares under the Anchun PSP, the Company has granted awards comprising 17,000 EBT shares to an employee on 29 December 2017. The employee will become beneficially interested in the 17,000 EBT shares after fulfilling the three years' service condition under the grant of the awards.

In 2018, the Company had granted awards comprising the balance 9,000 EBT shares available for allocation to the employees of the Group. As at 31 December 2018, the Company held 417,400 treasury shares pursuant to the exercise of its share buyback mandate obtained from shareholders. The Company granted an award comprising 160,000 treasury shares to Mr. Zheng Zhi Zhong, the Executive Director and CEO of the Company on 13 September 2018. The 160,000 treasury shares will be transferred to Mr. Zheng Zhi Zhong after he has fulfilled the three years' service condition under the grant of the award.

In 2019, the Company held 1,809,000 treasury shares pursuant to the exercise of its share buyback mandate obtained from shareholders. No treasury shares were granted under Anchun PSP during the year.

In 2020, the Company held 2,309,100 treasury shares pursuant to the exercise of its share buyback mandate obtained from shareholders. During the year, one employee of the Group became beneficially interested in an aggregate of 17,000 EBT shares after fulfilling the three years' service condition under grant of the awards. There were no additional treasury shares granted under Anchun PSP.

In 2021, the Company held 2,809,100 treasury shares pursuant to the exercise of its share buyback mandate obtained from shareholders. During the year, one employee of the Group became beneficially interested in an aggregate of 9,000 EBT shares after fulfilling the three years' service condition under grant of the awards. During the year, Mr. Zheng Zhi Zhong became beneficially interested in an aggregate of 160,000 treasury shares after fulfilling the three years' service condition under the grant of the award. There were no additional treasury shares granted under Anchun PSP.

In 2022, the Company held 3,309,100 treasury shares pursuant to the exercise of its share buyback mandate obtained from shareholders. There were no treasury shares granted under Anchun PSP.

In 2023, the Company held 3,649,100 treasury shares pursuant to the exercise of its share buyback mandate obtained from shareholders. 160,000 EBT shares has been officially transferred to Mr. Zheng Zhi Zhong under Anchun PSP after fulfilling three years' service condition of the awards granted in FY2017. There were no additional treasury shares granted under Anchun PSP.

In 2024, there were no additional treasury shares granted under Anchun PSP. The Anchun PSP and the Anchun ESOS expired on 29 April 2024.

No directors or employees of the Group received 5% or more of the total number of share awards available under the Anchun PSP. Save as disclosed above, there were no share awards granted to directors, controlling shareholders of the Company and/or their associates.

Audit Committee

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

San Meng Chee (Chairman)
Tan Wei Shyan
Wang Heming

The AC will meet quarterly to review, inter alia, the following:

- The audit plan and discuss with the External Auditors, their evaluation of the system of internal controls, their audit report, their management letter and the management's response;

- The internal audit plan and discuss with the Internal Auditors, their evaluation of the adequacy and effectiveness of the internal controls before submission of the results of such review to the Board for approval;

- The financial statements and half year results announcements before submission of the same to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

- The internal control and procedures and ensure co-ordination between the External and Internal Auditors and the Management, reviewing the assistance given by the Management to the External and Internal Auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the External or Internal Auditors may wish to discuss (in the absence of the Management where necessary);

- The Group's key risk areas, as identified by the External and Internal Auditors in the course of the audits;

- The independence and objectivity of the External Auditors;

- The terms of engagement, appointment or re-appointment of the External and Internal Auditors and matters relating to their resignation or dismissal;

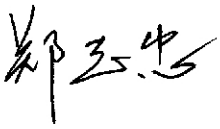
- Interested person transactions falling within the scope of Chapters 9 and 10 of the SGX-ST Listing Manual; and

- Any potential conflicts of interest.

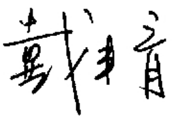
Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:



Zheng Zhi Zhong
Director



Dai Feng Yu
Director

28 March 2025

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ANCHUN INTERNATIONAL HOLDINGS LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Anchun International Holdings Ltd. (the "Company") and its subsidiary (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2024, statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters (cont'd)

Impairment of trade receivables and contract assets

The Group's trade receivable and contract assets were significant as these represent 29% of the total assets in the consolidated balance sheet. The gross carrying amount of trade receivables and contract assets amounted to RMB152.9 million as at 31 December 2024, against which an allowance for expected credit losses ("ECL") of RMB32.9 million was made. The Group uses a provision matrix to calculate ECL for trade receivables and contract assets, which is determined based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment. These assessments inherently involved management judgement. Accordingly, we determined this as a key audit matter.

We evaluated the Group's processes and controls relating to the monitoring of trade receivables and contract assets including the review of credit risks of customers. In addition, our audit procedures included, amongst others, requesting trade receivable confirmations for selected trade debtors and checking to receipts from customers subsequent to the year end. For material contract assets balances, we reviewed progress of major contracts, as well as its billing milestones. We discussed with management on the recoverability of trade receivables and contract assets.

We also evaluated management's assumptions and estimates used to determine the trade receivables and contract assets impairment amount through analysis of ageing and consideration of their specific profiles and risks, review of customers' payment history and correspondences between the Group and the customers. We corroborated these assumptions through our review of the customer's financial position, where such information had been made available to us, and also considered the historical payment pattern. We evaluated management's assumptions and inputs used in the computation of historical loss rates and assessed the reasonableness of management's assumptions used in establishing the forward-looking factors may have on customers' businesses. We also checked the arithmetic accuracy of the ECL allowance computation.

The Group's disclosures on the trade receivables, contract assets and the related risks such as credit risk and liquidity risk are in Note 20, 4 and 29 to the consolidated financial statements. We assessed the adequacy of the disclosures.

Revenue from chemical systems and components ("CSC") business and chemical engineering and technology ("CET") engineering services

The Group recognises revenue from sale of chemical equipment under the CSC business and from rendering of design services under CET engineering services over time by reference to the Group's progress towards completing these contracts. The measure of the progress is determined based the proportion of contract costs incurred to date to the estimated total contract costs for each contract. The determination of total contract costs and costs to complete require significant management judgements and estimates, which may have an impact on the amounts of revenue and profits recognised during the year. Accordingly, we identified this as a key audit matter.

Our audit procedures include understanding and evaluating the design and operating effectiveness of internal controls with respect to the Group's project management, the project cost estimation and budgeting process, and accounting for revenue from these contracts. We reviewed the robustness of management's budgeting process by comparing the budgeted costs to actual costs incurred for major contracts completed during the year. For significant on-going contracts as at 31 December 2024, we reviewed the project files and discussed with management the progress of the contracts to determine if there are any adverse changes such as delays, penalties or overruns that could have a material impact on the estimation of contract costs. We evaluated management's underlying assumptions made in estimating total costs to complete by comparing to actual costs incurred for past similar projects. For revisions made to budgeted costs, we discussed with project personnel and management on the rationale for such changes and checked the revision of the budgeted costs to supporting documentation. We also reviewed management's assessment and estimation of the additional time and costs needed to complete the ongoing projects due to business disruptions, by taking into consideration past performance of the Group's projects and current market condition.

Key Audit Matters (cont'd)

Revenue from chemical systems and components ("CSC") business and chemical engineering and technology ("CET") engineering services (cont'd)

We checked the arithmetic accuracy of revenue and profit recognised based on the measure of progress calculation. We compared the contract revenue against the estimated total contract costs to assess if there is a need to consider provision for onerous loss-making contracts. We assessed the adequacy of provision for onerous contract provided by management by comparing unavoidable costs of meeting the obligations under a contract and the economic benefits expected to be received under it.

In addition, we evaluated the Group's procedures and processes for recognising revenue from contracts with customers. We reviewed contractual terms and conditions for major contracts with customers. We also assessed the adequacy of the disclosures in respect of revenue in Note 4 and 26 to the financial statements.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Soon Seng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
28 March 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in Renminbi)

		Group	
	Note	**2024**	**2023**
		RMB'000	**RMB'000**
Revenue	4	**177,372**	133,622
Cost of sales		**(136,163)**	(102,890)
Gross profit		**41,209**	30,732
Other items of income			
Finance and other income	5	**10,085**	8,469
(Impairment losses)/write-back of impairment losses on trade and other receivables	20	**(1,234)**	135
(Impairment losses)/write-back of impairment losses on contract assets	20	**(3,758)**	117
Other items of expense			
Marketing and distribution expenses		**(6,790)**	(6,643)
Administrative expenses		**(20,802)**	(22,375)
Research expenses		**(6,708)**	(7,994)
Other expenses	6	**(504)**	(239)
Finance costs	7	**(19)**	(7)
Profit before tax	8	**11,479**	2,195
Income tax (expense)/credit	9	**(541)**	192
Profit for the year, representing total comprehensive income for the year attributable to owners of the Company		**10,938**	2,387
Earnings per share (RMB cents):			
Basic	10	**23.35**	5.06
Diluted	10	**23.35**	5.06

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2024

(Amounts expressed in Renminbi)

		Group		Company	
	Note	2024	2023	2024	2023
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	**36,846**	41,750	**–**	–
Intangible assets	15	**896**	213	**–**	–
Right-of-use assets	16	**11,152**	11,518	**–**	–
Investment in a subsidiary	13	**–**	–	**75,631**	75,631
Investment properties	17	**2,008**	2,487	**–**	–
Prepayments	18	**170**	40	**–**	–
		51,072	56,008	**75,631**	75,631
Current assets					
Inventories	19	**23,404**	24,425	**–**	–
Contract assets	4	**104,014**	88,777	**–**	–
Trade and other receivables	20	**35,846**	43,108	**47,504**	37,886
Prepayments	18	**5,141**	3,539	**43**	55
Short term deposits	21	**120,000**	100,000	**–**	–
Cash and cash equivalents	21	**76,937**	79,018	**3,006**	6,669
		365,342	338,867	**50,553**	44,610
Total assets		**416,414**	394,875	**126,184**	120,241

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

(Amounts expressed in Renminbi)

	Note	Group 2024 RMB'000	Group 2023 RMB'000	Company 2024 RMB'000	Company 2023 RMB'000
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	22	**54,522**	36,719	**13,072**	12,793
Contract liabilities	4	**27,625**	35,412	**–**	–
Other liabilities	23	**22,146**	20,264	**820**	833
Income tax payable		**2,045**	3,273	**–**	–
		106,338	95,668	**13,892**	13,626
Net current assets		**259,004**	243,199	**36,661**	30,984
Total liabilities		**106,338**	95,668	**13,892**	13,626
Net assets		**310,076**	299,207	**112,292**	106,615
Equity attributable to owners of the Company					
Share capital	24(a)	**149,278**	149,278	**149,278**	149,278
Treasury/employee benefit trust shares	24(b)	**(4,994)**	(4,994)	**(4,994)**	(4,994)
Other reserves	25	**130,617**	128,857	**(10)**	(10)
Accumulated profits/(losses)		**35,175**	26,066	**(31,982)**	(37,659)
Total equity		**310,076**	299,207	**112,292**	106,615
Total equity and liabilities		**416,414**	394,875	**126,184**	120,241

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in Renminbi)

	Attributable to owners of the Company				
	Total equity	**Share capital (Note 24(a))**	**Treasury/ employee benefit trust shares (Note 24(b))**	**Other reserves (Note 25)**	**Accumulated profits**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Group					
Opening balance at 1 January 2024	**299,207**	**149,278**	**(4,994)**	**128,857**	**26,066**
Profit for the year, representing total comprehensive income for the year	**10,938**	**–**	**–**	**–**	**10,938**
	310,145	**149,278**	**(4,994)**	**128,857**	**37,004**
Others					
Utilisation of statutory reserve fund – safety production expenditure, net	**–**	**–**	**–**	**(293)**	**293**
Transfer to statutory reserve fund, net	**–**	**–**	**–**	**2,053**	**(2,053)**
Transfer to staff welfare payable, net	**(69)**	**–**	**–**	**–**	**(69)**
	(69)	**–**	**–**	**1,760**	**(1,829)**
Closing balance at 31 December 2024	**310,076**	**149,278**	**(4,994)**	**130,617**	**35,175**
Opening balance at 1 January 2023	303,303	149,278	(4,197)	128,640	29,582
Profit for the year, representing total comprehensive income for the year	2,387	–	–	–	2,387
Contributions by and distributions to owners					
Purchase of treasury shares	(797)	–	(797)	–	–
	(797)	–	(797)	–	–
Others					
Utilisation of statutory reserve fund – safety production expenditure, net		–	–	(753)	753
Transfer to statutory reserve fund, net		–	–	970	(970)
Transfer to staff welfare payable, net	(32)	–	–	–	(32)
Dividend paid (Note 31)	(5,654)	–	–	–	(5,654)
	(5,686)	–	–	217	(5,903)
Closing balance at 31 December 2023	299,207	149,278	(4,994)	128,857	26,066

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

(Amounts expressed in Renminbi)

	Attributable to owners of the Company				
	Total equity	**Share capital (Note 24(a))**	**Treasury/ employee benefit trust shares (Note 24(b))**	**Other reserves (Note 25)**	**Accumulated profits**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Company					
Opening balance at 1 January 2024	**106,615**	**149,278**	**(4,994)**	**(10)**	**(37,659)**
Profit for the year, representing total comprehensive income for the year	**5,677**	**–**	**–**	**–**	**5,677**
Closing balance at 31 December 2024	**112,292**	**149,278**	**(4,994)**	**(10)**	**(31,982)**
Opening balance at 1 January 2023	116,221	149,278	(4,197)	(10)	(28,850)
Loss for the year, representing total comprehensive income for the year	(3,155)	–	–	–	(3,155)
Contributions by and distributions to owners					
Purchase of treasury share	(797)	–	(797)	–	–
Dividend paid (Note 31)	(5,654)	–	–	–	(5,654)
	(6,451)	–	(797)	–	(5,654)
Closing balance at 31 December 2023	106,615	149,278	(4,994)	(10)	(37,659)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in Renminbi)

		Group	
	Note	2024	2023
		RMB'000	RMB'000
Operating activities			
Profit before tax		**11,479**	2,195
Adjustments for:			
Depreciation of property, plant and equipment	14	**7,198**	7,806
Depreciation of right-of-use assets	16	**366**	365
Depreciation of investment properties	17	**479**	630
Amortisation of intangible assets	15	**290**	372
Impairment losses/(Write-back of) impairment losses on financial assets, net	20	**4,992**	(252)
Write-back of inventory obsolescence	19	**(11)**	–
Loss/(gain) on disposal of property, plant and equipment, net	5,6	**20**	(62)
Write-off of property, plant and equipment	6,14	**134**	149
Finance costs	7	**19**	7
Finance income	5	**(2,914)**	(2,949)
Unrealised exchange loss/(gain)		**16**	(78)
Operating cash flows before changes in working capital		**22,068**	8,183
Changes in working capital			
(Increase)/decrease in:			
Inventories		**1,032**	7,332
Trade and other receivables		**6,028**	12,897
Contract assets		**(18,995)**	(6,680)
Prepayments		**(1,594)**	(254)
Increase/(decrease) in:			
Trade and other payables		**17,303**	(3,627)
Contract liabilities		**(7,787)**	(4,383)
Other liabilities and provision		**1,849**	(947)
Total changes in working capital		**(2,164)**	4,338
Cash flows generated from operations		**19,904**	12,521
Interest received		**2,914**	2,949
Interest paid		**(19)**	(7)
Income taxes paid		**(1,264)**	(845)
Net cash flows generated from operating activities		**21,535**	14,618

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

(Amounts expressed in Renminbi)

	Note	Group	
		2024	**2023**
		RMB'000	**RMB'000**
Investing activities			
Purchase of property, plant and equipment	A	**(2,627)**	(5,087)
Purchase of intangible assets - software	15	**(973)**	(15)
Proceeds from disposal of property, plant and equipment		**–**	127
Placement of fixed deposits		**(120,000)**	(160,000)
Withdrawal of fixed deposits		**100,000**	120,000
Net cash flows used in investing activities		**(23,600)**	(44,975)
Financing activities			
Purchase of treasury shares	29(c)	**–**	(797)
Dividends paid	31	**–**	(5,654)
Net cash flows used in financing activities		**–**	(6,451)
Net decrease in cash and cash equivalents		**(2,065)**	(36,808)
Cash and cash equivalents at 1 January		**79,018**	115,748
Effect of exchange rate changes on cash and cash equivalents		**(16)**	78
Cash and cash equivalents at 31 December	21	**76,937**	79,018

A. Purchase of property, plant and equipment

		Group	
		2024	**2023**
		RMB'000	**RMB'000**
Current year additions to property, plant and equipment (Note 14)		**2,448**	5,030
Less:	Payable to creditors	**(235)**	(233)
	Prepayments made in prior year	**(40)**	(241)
		2,173	4,556
Add:	Payments for prior year purchase	**273**	491
	Prepayments made in current year	**181**	40
Net cash outflow for purchase of property, plant and equipment		**2,627**	5,087

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Anchun International Holdings Ltd. (the “Company”) is a public limited company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office of the Company is located at 138 Cecil Street, #12-01A Cecil Court, Singapore 069538. The principal place of business of the Group is located at No. 539, Lusong Road, Changsha National Hi-tech Industrial Development Zone, Changsha City, Hunan Province, People’s Republic of China (“PRC”) 410205.

The principal activity of the Company is an investment holding. The principal activities of the subsidiary are disclosed in Note 13 to the financial statements.

2. Material accounting policy information

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (“RMB’000”), except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2024. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2. Material accounting policy information (cont'd)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	***Effective for annual periods beginning on or after***
Amendments to SFRS(I) 1-21: *Lack of Exchangeability*	1 January 2025
Amendments to SFRS(I) 9 and SFRS(I) 7: *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Amendments to SFRS(I) 9 and SFRS(I) 7: *Contracts Referencing Nature-dependent Electricity*	1 January 2026
SFRS(I) 18 *Presentation and Disclosure in Financial Statements*	1 January 2027
SFRS(I) 19 *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

The directors expect that the adoption of the standards and amendments above will have no material impact on the financial statements in the year of initial application, apart from SFRS(I) 18 Presentation and Disclosure in Financial Statements issued on 4 October 2024, effective for financial years beginning on or after 1 January 2027.

SFRS(I) 18 is a new standard that replaces SFRS(I) 1-1 Presentation of Financial Statements. SFRS(I) 18 introduces new categories of subtotals in the statement of profit or loss. Entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, wherein the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for the location, aggregation and disaggregation of financial information.

In addition, narrow-scope amendments have been made to SFRS(I) 1-7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. SFRS(I) 18 will apply retrospectively.

The amendments will have impact on the disclosure in the financial statements but not on the measurement or recognition of items in the Group's financial statements. The Group is in the process of analysing the new disclosure requirements and to assess if changes are required to their internal information systems.

2. Material accounting policy information (cont'd)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

2.5 Foreign currency

The financial statements are presented in Renminbi ("RMB"), which is also the Company and its subsidiary's functional currency.

Transactions and balances

Transactions in foreign currencies are measured in RMB and are recorded on initial recognition in RMB at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Buildings	20
Machinery	5 to 15
Office equipment and furniture	5
Motor vehicles	5

2. Material accounting policy information (cont'd)

2.7 Intangible assets

Computer software

Computer software is measured at cost less accumulated amortisation and any accumulated impairment loss. It is amortised on a straight-line basis over its estimated useful lives of 3 years.

2.8 Investment properties

Investment properties are properties that are owned by the Group that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, including transaction costs. The Group has adopted the cost model which is to measure investment properties at cost less accumulated depreciation and accumulated impairment losses. Depreciation is computed on a straight-line basis as disclosed in Note 17.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

2.10 Subsidiary

In the Company's balance sheet, investment in the subsidiary is accounted for at cost less impairment losses.

2.11 Financial instruments

(a) Financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

(b) Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, net of directly attributable transaction costs.

2. Material accounting policy information (cont'd)

2.12 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits which are subject to an insignificant risk of changes in value.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average basis.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

When necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.15 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources embodying economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Onerous contracts

A contract is onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. When a contract is onerous, a present obligation under the contract shall be recognised and measured as a provision.

2. Material accounting policy information (cont'd)

2.16 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.17 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the government grants relate to an expense item, it is recognised in profit or loss as income on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grant is intended to compensate. The grants are presented as a credit in profit or loss, under a general heading such as “Finance and other income”.

2.18 Research costs

Research costs are expensed as incurred.

2.19 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations.

<u>PRC</u>

The PRC subsidiary is required to provide certain staff pension benefits to their employees under existing PRC laws and regulations. Pursuant to the PRC laws and regulations, defined contributions are provided at rates stipulated by PRC regulations and contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiary's employees. Pension contributions are recognised as an expense in the period in which the related services are performed.

<u>Singapore</u>

The Company makes contribution to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Pension contributions are recognised as an expense in the period in which the related services are performed.

(b) Equity-settled share-based payment transactions

Employees of the Group receive remuneration in the form of shares as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the shares at the date on which the shares are granted which takes into account vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of shares that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

2. Material accounting policy information (cont'd)

2.19 Employee benefits (cont'd)

(b) Equity-settled share-based payment transactions (cont'd)

Vesting conditions

Vesting condition are conditions that determine whether the entity receives the services that entitle the counterparty to receive cash, other assets or equity instruments of the entity under a share-based payment arrangement.

Vesting conditions are limited to service condition (e.g., requires counterparty to complete a specified period of service).

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.20 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The estimated useful lives of the assets as follows:

	Years
Land use rights	32

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.9.

The Group's right-of-use assets are disclosed in Note 16.

2. Material accounting policy information (cont'd)

2.20 Leases (cont'd)

(a) As lessee (cont'd)

<u>Lease liability</u>

Lease liabilities are measured at the present value of lease payments. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are disclosed in Note 16.

<u>Short-term leases and leases of low-value assets</u>

The Group applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies that the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.21 Revenue

(a) Sale of chemical catalyst ("Catalyst Business")

The Group supplies chemical catalyst for consumers, for use in the process of gas-making, ammonia synthesis and methanol synthesis.

Revenue from sale of chemical catalyst is recognised when control of the good has been transferred to the customer at a point in time. Control is transferred upon the delivery of goods.

The amount of revenue recognised is based on the contractual price, as the contracts with customer do not normally include variable consideration such as right of returns, refunds, trade discounts or volume rebates.

2. Material accounting policy information (cont'd)

2.21 Revenue (cont'd)

(b) Sale of chemical equipment ("CSC Business")

The Group manufactures chemical system equipment including reactors, pressure vessels and other auxiliary equipment for consumers.

Revenue from sale of chemical equipment is recognised when control of the equipment has been transferred to customer over time, as the Group has limited practicality of readily directing the customised equipment for another use, and has an enforceable right to payment for performance completed to date. Revenue is recognised over time, based on costs incurred to date as a proportion of the estimated total cost to be incurred.

The Group accounts for contract modifications arising from change orders to modify the scope or price of the contract as separate contracts if the modification adds distinct goods or services at their standalone selling prices. For contract modifications that add distinct goods or services but not at their standalone selling prices, the Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as continuation of the original contract and is recognised as a cumulative adjustment to revenue at the date of modification.

The contracts with customer include only assurance-type warranty to assure that the equipment complies with agreed-upon specifications and are accounted for as a provision for warranty.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified payment milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

(c) CET engineering services

The Group provides chemical systems engineering and technology design services for the production of ammonia and methanol related products.

Revenue from the rendering of services is recognised when control over the engineering design services has been transferred to customer over time, as the customer simultaneously receives and consumes the benefits as the Group performs. Revenue is recognised over time, based on costs incurred to date as a proportion of the estimated total cost to be incurred.

2. Material accounting policy information (cont'd)

2.22 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities shall be recognised for all taxable temporary differences, except:

– to the extent that the deferred tax liability arises from:

  (i) the initial recognition of goodwill; or

  (ii) to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which:

    - is not a business combination;
    - at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss); and
    - at the time of transaction, does not give rise to equal taxable and deductible temporary differences; and

– in respect of taxable temporary differences associated with investments in subsidiary, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Material accounting policy information (cont'd)

2.22 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, unless:

– the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that

  (i) is not a business combination;

  (ii) at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss); and

  (iii) at the time of transaction, does not give rise to equal taxable and deductible temporary differences; and

– in respect of deductible temporary differences associated with investments in subsidiary, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Material accounting policy information (cont'd)

2.22 Taxes (cont'd)

(c) Value-added-tax ("VAT") / Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of VAT/GST except:

- Where the VAT/GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT/GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of VAT/GST included.

2.23 Segmental reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by respective segment managers responsible for the performance of the respective segments under their charge. The segment manager reports directly to the management of the Company who regularly reviews the segment results in order to allocate the resources to the segments and assess the segment performance. Additional disclosures on each of these segments are shown in Note 26, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.25 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant effect on the amounts recognised in the consolidated financial statements.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate the ECLs for trade receivables and contract assets, for which the matrix is initially based on historical observed default rates. The matrix is calibrated to adjust historical credit loss experience with forward-looking information which incorporated forecast macroeconomic conditions specific to the debtors and the environment in which the Group operates. At every reporting date, historical default rates are updated and changes in forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate, and may also not be representative of the actual default in the future. The carrying amount of the Group's trade receivables and contract assets, and information about its ECLs is disclosed in Note 4 and Note 20 to the financial statements.

(b) Contracts and revenue recognition

The Group recognises contract revenue by reference to the progress towards complete satisfaction of a performance obligation within the contract, when the outcome of a performance obligation can be reasonably measured. The progress is measured by reference of the costs incurred to date as a proportion of the estimated total cost to be incurred. Significant assumptions are required to estimate the total budgeted contract costs, progress towards completion, and remaining costs to completion.

For the financial year ended 31 December 2024, the Group recorded revenue of RMB159,041,000 (2023: RMB113,824,000) from contracts under CET engineering services and CSC business.

4. Revenue

(a) Disaggregation of revenue

	Catalyst business		CSC business		CET engineering services		Total revenue	
	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Primary geographical market								
People's Republic of China	**18,331**	19,798	**151,285**	104,065	**7,756**	9,759	**177,372**	133,622
Major product or service lines								
Catalyst	**18,331**	19,798	**–**	–	**–**	–	**18,331**	19,798
Chemical equipment	**–**	–	**151,285**	104,065	**–**	–	**151,285**	104,065
Engineering and design services	**–**	–	**–**	–	**7,756**	9,759	**7,756**	9,759
	18,331	19,798	**151,285**	104,065	**7,756**	9,759	**177,372**	133,622
Timing of transfer of goods or services								
At a point in time	**18,331**	19,798	**–**	–	**–**	–	**18,331**	19,798
Over time	**–**	–	**151,285**	104,065	**7,756**	9,759	**159,041**	113,824
	18,331	19,798	**151,285**	104,065	**7,756**	9,759	**177,372**	133,622

(b) Judgement and methods used in estimating revenue

Recognition of revenue from sale of chemical equipment over time

For the sale of chemical equipment where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the chemical equipment to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for sale of chemical equipment. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the complete construction of the chemical equipment.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of amounts incurred to construct other similar chemical equipment.

4. Revenue (cont'd)

(c) Contract assets and contract liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	31 December	
	2024	2023
	RMB'000	RMB'000
Receivables from contracts with customers (Note 20)	**15,909**	17,019
Contract assets	**104,014**	88,777
Contract liabilities	**27,625**	35,412

During current financial year, the Group has recognised impairment losses of RMB1,234,000 (2023: write-back of impairment losses of RMB135,000) on receivables.

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for sale of chemical equipment. Contract assets are transferred to receivables when the rights become unconditional. During the year, the Group has recognised impairment losses of RMB3,758,000 (2023: write-back of impairment losses of RMB117,000) on contract assets.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances received from customers for sale of chemical equipment.

Contract liabilities are recognised as revenue as the Group performs under the contract.

(i) Significant changes in contract assets are explained as follows:

	Group	
	2024	2023
	RMB'000	RMB'000
Contract assets reclassified to receivables	**56,820**	48,432

(ii) Significant changes in contract liabilities are explained as follows:

	Group	
	2024	2023
	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**23,740**	24,768

4. Revenue (cont'd)

(d) Transaction price allocated to remaining performance obligation

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2024 is RMB129,987,000 (2023: RMB175,127,000). The Group expects to recognise RMB91,009,000 as revenue relating to the transaction price allocated to the unsatisfied (or partially satisfied) performance obligations as at 31 December 2024 in the financial year 2025 and RMB38,978,000 in the financial year 2026.

5. Finance and other income

	Group	
	2024	**2023**
	RMB'000	**RMB'000**
Finance income		
Interest income on bank balances and deposits	**2,914**	2,949
Other income		
Government grants	**864**	1,102
Sale of scrap materials and parts	**1,126**	909
Rental income from investment properties (Note 17)	**3,106**	2,431
Net foreign exchange gain	**–**	78
Gain from contract penalty	**102**	23
Gain on disposal of property, plant and equipment, net	**–**	62
Write-back of trade payables	**28**	55
Write-back of advances from customers	**1,934**	860
Write-back of inventory obsolescence	**11**	–
	10,085	8,469

During the financial years ended 31 December 2024 and 2023, the Company's subsidiary in the People's Republic of China received cash grants for distinguished enterprise and research and development mainly from Changsha Finance Bureau High-Tech Zone.

6. Other expenses

The following significant items have been included in arriving at other expenses:

	Group	
	2024	**2023**
	RMB'000	**RMB'000**
Write-off of property, plant and equipment (Note 14)	**134**	149
Loss on disposal of property, plant and equipment, net	**20**	–
Net foreign exchange loss	**16**	–

7. Finance costs

	Group	
	2024	2023
	RMB'000	RMB'000
Bank charges	**19**	7

8. Profit before tax

The following items have been included in arriving at profit before tax:

	Note	Group	
		2024	2023
		RMB'000	RMB'000
Audit fees			
– Auditors of the Company		**511**	466
– Member firm of EY Global		**451**	451
– Other auditors		**43**	43
Non-audit fees			
– Other auditors		**75**	75
Amortisation of intangible assets	15	**290**	372
Expenses relating to short-term leases	16	**143**	144
Depreciation of property, plant and equipment	14	**7,198**	7,806
Depreciation of right-of-use assets	16	**366**	365
Depreciation of investment properties	17	**479**	630
Employee benefits expense	11	**35,043**	32,904
Direct operating expenses arising from investment properties	17	**1,018**	1,408
Inventories recognised as an expense in cost of sales	19	**92,925**	71,060
Impairment losses/(write-back of impairment) on financial assets, net:			
– Trade receivables	20	**1,234**	(135)
– Contract assets	20	**3,758**	(117)

9. Income tax expense/(credit)

Major components of income tax expense/(credit)

The major components of income tax expense/(credit) for the years ended 31 December 2024 and 2023 are:

	Group	
	2024	**2023**
	RMB'000	**RMB'000**
Current income tax:		
– Current year	**1,300**	–
– Over provision in respect of previous years	**(1,264)**	(192)
– Withholding tax on dividends in foreign jurisdiction	**505**	–
Income tax expense/(credit) recognised in profit or loss	**541**	(192)

Relationship between tax expense/(credit) and accounting profit

The reconciliation between tax expense/(credit) and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2024 and 2023 is as follows:

	Group	
	2024	**2023**
	RMB'000	**RMB'000**
Profit before tax	**11,479**	2,195
Tax at the domestic rates applicable to profit in the countries where the Group operates	**1,644**	266
Adjustments:		
– Non-deductible expenses	**980**	614
– Income not subject to taxation	**(153)**	(122)
– Deferred tax assets not recognised	**–**	241
– Effect of partial tax exemption and tax relief	**(930)**	(999)
– Utilisation of previously unrecognised deferred tax assets	**(241)**	–
– Withholding tax on dividends in foreign jurisdiction	**505**	–
– Over provision in respect of previous years	**(1,264)**	(192)
Income tax expense/(credit) recognised in profit or loss	**541**	(192)

<u>Anchun International Holdings Ltd. (the "Company")</u>

The Company is incorporated in Singapore and is subject to a tax rate of 17% for the financial year ended 31 December 2024 (2023: 17%).

<u>Hunan Anchun Advanced Technological Co., Ltd ("Hunan Anchun")</u>

Hunan Anchun was granted the High and New Technology Enterprise ("HNTE") by China's Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology in 2007. The HNTE certification allows Hunan Anchun to be taxed at a concessionary rate of 15% with effect from 1 January 2008.

9. Income tax expense/(credit) (cont'd)

Relationship between tax expense/(credit) and accounting profit (cont'd)

Unrecognised tax losses

In 2023, the Group had tax losses of approximately RMB1,605,000 that were available for offset against future taxable profits. The tax losses of RMB1,605,000 were not recognised in prior year as deferred tax asset due to uncertainty of its recoverability. The use of these tax losses was subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

At the end of the reporting period in 2024, the Group has no tax losses that are available for offset against future taxable profits. These tax losses have been fully utilised in current year.

Unrecognised temporary differences relating to investment in subsidiary

At the end of the reporting period, no further deferred tax liability has been recognised for withholding tax that would be payable on the remaining undistributed earnings of the PRC subsidiary as the Group has determined that undistributed earnings of its PRC subsidiary will not be distributed in the foreseeable future. Such temporary difference for which no deferred tax liability has been recognised aggregates RMB70,234,000 (2023: RMB66,803,000) and the deferred tax liability is estimated at RMB3,512,000 (2023: RMB3,340,000).

10. Earnings per share

Basic earnings per share are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted profit per share for the years ended 31 December:

	Group	
	2024	**2023**
	RMB'000	**RMB'000**
Profit for the year attributable to owners of the Company used in the computation of basic and diluted loss per share	**10,938**	2,387
Weighted average number of ordinary shares for basic earnings per share computation ('000) #	**46,851**	47,151
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	**46,851**	47,151
Basic and diluted profit per share (RMB cents)	**23.35**	5.06

The weighted average number of ordinary shares takes into account the weighted average effect of changes in treasury and EBT shares transactions during the year.

11. Employee benefits expense

	Group	
	2024	**2023**
	RMB'000	**RMB'000**
Employee benefits expense (including directors):		
Salaries and bonuses	**28,956**	26,981
Welfare expense	**1,707**	1,508
Contribution to defined contribution plans	**4,380**	4,415
	35,043	32,904

Employee share awards

Performance Share Plan 2014

The Anchun Performance Share Plan 2014 ("Anchun PSP") was approved by the shareholders of the Company on 29 April 2014. Under the Anchun PSP, certain employees are entitled to a grant of performance shares, which will be released to these employees once they have been in service for a period of three years from the date of grant.

Fair value of share awards granted

The fair value of the shares granted is determined by reference to the published market bid price at the respective grant date. The fair value of the services from employees received in exchange for the grant of the shares under the Anchun PSP is recognised as an expense in the income statement with a corresponding increase in Anchun PSP reserve. The total amount to be recognised over the vesting period is determined by reference to the fair value of the performance shares at the date of grant and the number of performance shares expected to be vested by vesting date. At the end of each reporting period, the Group revises its estimate of the number of performance shares that are expected to vest on vesting date. Any revision of this estimate is included in the income statement and a corresponding adjustment to Anchun PSP reserve over the remaining vesting period.

During the financial year, there were no revisions to this estimate of the number of employees who will fulfil the three years' service condition (2023: no revisions).

12. Related party transactions

(a) Sale and purchase of services

In addition to related party information disclosed elsewhere in the financial statements, the following transactions between the Company and the related parties took place on terms agreed between the parties during the financial year:

	Company	
	2024	**2023**
	RMB'000	**RMB'000**
Service fee charged to a subsidiary	**20**	20

12. Related party transactions (cont'd)

(b) Compensation of key management personnel

	Group 2024 RMB'000	Group 2023 RMB'000
Salaries, bonuses and fees	**3,984**	3,527
Contribution to defined contribution plans	**240**	212
Total compensation paid to key management personnel	**4,224**	3,739
Comprises amounts paid to:		
– Directors of the Company	**2,823**	2,631
– Other key management personnel	**1,401**	1,108
Total compensation paid to key management personnel	**4,224**	3,739

13. Investment in a subsidiary

	Company 2024 RMB'000	Company 2023 RMB'000
Unquoted equity shares, at cost	**75,000**	75,000
Anchun PSP	**631**	631
	75,631	75,631

Details of the subsidiary is as follows:

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest 2024 %	Proportion of ownership interest 2023 %
Held by the Company				
Hunan Anchun Advanced Technology Co., Ltd ("Hunan Anchun") (1)	PRC	Provision of integrated chemical systems engineering and technology solutions to the petrochemical and chemical industries	**100**	100

(1) Audited by Hunan Yuan Yang Public Accounting Firm Co., Ltd. for PRC statutory reporting purpose. Audited by Ernst & Young Hua Ming LLP Changsha Branch, for consolidation purpose.

14. Property, plant and equipment

	Buildings	Machinery	Office equipment and furniture	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group						
Cost:						
At 1 January 2023	78,252	107,982	6,813	1,381	347	194,775
Additions	1,149	912	130	646	2,193	5,030
Reclassification	–	–	1,209	–	(1,209)	–
Disposals	–	(774)	–	(526)	–	(1,300)
Write-off	(74)	(1,730)	(131)	–	–	(1,935)
At 31 December 2023 and 1 January 2024	79,327	106,390	8,021	1,501	1,331	196,570
Additions	–	846	127	376	1,099	2,448
Reclassification	–	1,584	–	–	(1,584)	–
Disposals	–	(54)	–	(349)	–	(403)
Write-off	(249)	(1,285)	(71)	–	–	(1,605)
At 31 December 2024	**79,078**	**107,481**	**8,077**	**1,528**	**846**	**197,010**
Accumulated depreciation:						
At 1 January 2023	51,553	91,805	5,364	1,313	–	150,035
Depreciation charge for the year	3,724	3,549	451	82		7,806
Disposals	–	(736)	–	(499)	–	(1,235)
Write-off	(48)	(1,615)	(123)	–	–	(1,786)
At 31 December 2023 and 1 January 2024	55,229	93,003	5,692	896	–	154,820
Depreciation charge for the year	3,745	2,667	604	182	–	7,198
Disposals	–	(51)	–	(332)	–	(383)
Write-off	(183)	(1,219)	(69)	–	–	(1,471)
At 31 December 2024	**58,791**	**94,400**	**6,227**	**746**	**–**	**160,164**
Net carrying amount:						
At 31 December 2023	24,098	13,387	2,329	605	1,331	41,750
At 31 December 2024	**20,287**	**13,081**	**1,850**	**782**	**846**	**36,846**

15. Intangible assets

	Group	
	2024	**2023**
	RMB'000	**RMB'000**
Cost		
At 1 January	**2,363**	2,348
Additions	**973**	15
At 31 December	**3,336**	2,363
Accumulated amortisation		
At 1 January	**(2,150)**	(1,778)
Amortisation charge for the year	**(290)**	(372)
At 31 December	**(2,440)**	(2,150)
Net carrying amount		
At 31 December	**896**	213

Intangible assets relate to computer software purchased from vendors and have an average remaining amortisation period of 2 years (2023: 2 years). The amortisation of intangible asset is included in the "Administrative expenses" line item in the consolidated statement of comprehensive income.

16. Right-of-use assets

Group as a lessee

The Group has land use rights over three plots of state-owned land in the People's Republic of China (PRC) where the Group's PRC manufacturing and storage facilities reside. The land use rights are not transferable.

The Group also has certain leases of dormitories with lease term of less than 12 months in which the Group applies the 'short-term lease' recognition exemptions for these leases.

16. Right-of-use assets (cont'd)

Group as a lessee (cont'd)

(a) Carrying amounts of right-of-use assets

	Land use rights RMB'000
Group	
Cost:	
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**18,271**
Accumulated depreciation:	
At 1 January 2023	(6,388)
Depreciation charge for the year	(365)
At 31 December 2023 and 1 January 2024	(6,753)
Depreciation charge for the year	(366)
At 31 December 2024	**(7,119)**
Net carrying amount:	
At 31 December 2024	**11,152**
At 31 December 2023	11,518

(b) Amounts recognised in profit or loss

	Group	
	2024	**2023**
	RMB'000	**RMB'000**
Depreciation of right-of-use assets	**366**	365
Expenses relating to short-term leases	**143**	144
Total amount recognised in statement of comprehensive income	**509**	509

(c) Total cash outflows

The Group had total cash outflows for leases of RMB143,000 in 2024 (2023: RMB144,000).

17. Investment properties

	Group	
	2024	**2023**
	RMB'000	**RMB'000**
Balance sheet:		
Cost		
At 1 January and 31 December	**17,026**	17,026
Accumulated depreciation		
At 1 January	**(14,539)**	(13,909)
Depreciation charge for the year	**(479)**	(630)
At 31 December	**(15,018)**	(14,539)
Net carrying amount		
At 31 December	**2,008**	2,487
Fair value	**26,340**	22,245
Consolidated statement of comprehensive income		
Rental income from investment properties:		
– Minimum lease payments	**3,106**	2,431
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	**(1,018)**	(1,408)

The Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Valuation of investment property

The fair value of investment property in Xiang Kai Shi Hua Tower is determined based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market.

The fair value of investment properties in Lufeng Road and Lusong Road are determined based on discounted cash flows method. Details of valuation techniques and inputs are disclosed in Note 28 to the financial statements.

17. Investment properties (cont'd)

Valuation of investment property (cont'd)

The investment properties held by the Group as at 31 December 2024 are as follows:

Description and location	Existing Use	Tenure of land	Unexpired lease term
10th floor, Xiang Kai Shi Hua Tower, Changsha, PRC	Offices	Leasehold, 50 years lease from 2 August 1999	25 years (2023: 26 years)
No. 65, Lufeng Road, Hi-Tech Industrial Development Zone, Changsha, PRC	Manufacturing	Leasehold, 50 years lease from 16 August 2002	28 years (2023: 29 years)
No. 539, Lusong Road, Hi-Tech Industrial Development Zone, Changsha, PRC	Manufacturing	Leasehold, 50 years lease from 28 February 2007	32 years (2023: 33 years)

18. Prepayments

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Prepayments relating to purchase of property, plant and equipment	**170**	40	**–**	–
Current				
Prepayments to trade suppliers	**4,765**	3,066	**–**	–
Prepaid operating expenses	**376**	473	**43**	55
	5,141	3,539	**43**	55

19. Inventories

	Group	
	2024	2023
	RMB'000	RMB'000
Balance sheet:		
Raw materials (at cost)	**18,391**	18,451
Work-in-progress (at cost or net realisable value)	**2,069**	1,686
Finished goods (at cost or net realisable value)	**2,866**	4,282
Goods in transit	**78**	6
	23,404	24,425
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	**92,925**	71,060
Write-back of inventory obsolescence	**(11)**	–

20. Trade and other receivables

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Trade receivables	**15,909**	17,019	**–**	–
Bill receivables	**17,446**	23,637	**–**	–
VAT/GST receivables	**13**	10	**13**	10
Amount due from a subsidiary (non-trade)	**–**	–	**47,491**	37,876
Other receivables	**2,478**	2,442	**–**	–
Total trade and other receivables	**35,846**	43,108	**47,504**	37,886
Add:				
Contract assets (Note 4)	**104,014**	88,777	**–**	–
Cash and bank balances (Note 21)	**196,937**	179,018	**3,006**	6,669
Less:				
VAT/GST receivables	**(13)**	(10)	**(13)**	(10)
Total financial assets carried at amortised cost	**336,784**	310,893	**50,497**	44,545

<u>Trade receivables</u>

Trade receivables are unsecured, non-interest bearing and are normally settled 90 to 180 (2023: 90 to 180) days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade and other receivables denominated in foreign currency at 31 December are as follows:

	Group	
	2024	**2023**
	RMB'000	**RMB'000**
Singapore dollar	**13**	10

<u>Bill receivables</u>

Bill receivables are interest-free and have maturity periods of less than 360 days' term.

<u>Amount due from a subsidiary</u>

The amount is non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

20. Trade and other receivables (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of trade and other receivables and contract assets computed based on lifetime ECL are as follow:

	Group			
	Trade and other receivables	**Contract assets**	**Trade and other receivables**	**Contract assets**
	2024	**2024**	**2023**	**2023**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Movement in the allowance accounts:				
At 1 January	**23,841**	**5,367**	24,516	10,346
Charge/(reversal) for the year	**1,234**	**3,758**	(135)	(117)
Written-off	**(1,013)**	**–**	(540)	(4,862)
At 31 December	**24,062**	**9,125**	23,841	5,367

21. Cash and bank balances

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Cash at banks and on hand	**66,723**	52,434	**1,719**	2,728
Short-term deposits	**130,214**	126,584	**1,287**	3,941
Total	**196,937**	179,018	**3,006**	6,669
Less: Short-term deposits (Maturity >3 months)	**(120,000)**	(100,000)	**–**	–
Cash and cash equivalents	**76,937**	79,018	**3,006**	6,669

Cash at banks

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Short-term deposits

Short-term deposits are made for varying periods between one to more than three months (2023: one to more than three months) and earn interests at the respective short-term deposit rates.

The weighted average effective interest rates as at 31 December 2024 for the Group and the Company were 1.8% (2023: 2.2%) and 2.4% (2023: 2.0%) respectively.

21. Cash and bank balances (cont'd)

Cash and cash equivalents denominated in foreign currency at 31 December are as follows:

	Group and Company	
	2024	2023
	RMB'000	RMB'000
Singapore dollar	**1,719**	2,728

22. Trade and other payables

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	**33,980**	21,256	**–**	–
Amount due to a subsidiary (non-trade)	**–**	–	**13,072**	12,793
Other taxes payable	**2,062**	1,631	**–**	–
VAT payable	**12,459**	8,020	**–**	–
Other payables	**6,021**	5,812	**–**	–
	54,522	36,719	**13,072**	12,793
Add:				
Other liabilities (Note 23)	**22,146**	20,264	**820**	833
Less:				
Other taxes payable	**(2,062)**	(1,631)	**–**	–
VAT payable	**(12,459)**	(8,020)	**–**	–
Total financial liabilities carried at amortised cost	**62,147**	47,332	**13,892**	13,626

<u>Trade payables</u>

Trade payables are non-interest bearing and are normally settled on 30 to 60 (2023: 30 to 60) days' term.

<u>Bill payables</u>

Bill payables are non-interest bearing and have maturity period of 90 (2023: 90) days' term.

<u>Amount due to subsidiary (non-trade)</u>

These amounts are unsecured, non-interest bearing, repayable on demand and to be settled in cash.

<u>Other payables</u>

Other payables are non-interest bearing and have an average term of six months.

All trade and other payables balances are denominated in RMB.

23. Other liabilities

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Accrued salaries and bonuses	**9,543**	8,767	**449**	463
Accrued operating expenses	**2,593**	1,972	**371**	370
Accrued welfare expenses	**10,010**	9,525	**–**	–
	22,146	20,264	**820**	833

Other liabilities denominated in foreign currency at 31 December are as follows:

	Group and Company	
	2024	**2023**
	RMB'000	**RMB'000**
Singapore dollar	**820**	833

24. Share capital and treasury/employee benefit trust shares

(a) Share capital

	Group and Company			
	2024	**2024**	**2023**	**2023**
	No. of shares	**RMB'000**	**No. of shares**	**RMB'000**
Issued and fully paid ordinary shares				
At 1 January and 31 December	**50,500,000**	**149,278**	50,500,000	149,278

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

The Company has employee share awards plan (Note 11) pursuant to which ordinary shares of the Company have been granted to the certain employees, which shall vest and be released to these employees once they have been in service for a period of three years from the date of grant.

24. Share capital and treasury/employee benefit trust shares (cont'd)

(b) Treasury/employee benefit trust shares

	Group and Company			
	2024	2024	2023	2023
	No. of shares	RMB'000	No. of shares	RMB'000
At 1 January	**(3,649,100)**	**(4,994)**	(3,309,100)	(4,197)
Acquired during the year	**–**	**–**	(500,000)	(797)
Treasury and EBT shares reissued pursuant to vesting of PSP	**–**	**–**	160,000	–
At 31 December	**(3,649,100)**	**(4,994)**	(3,649,100)	(4,994)

Treasury shares acquired during the year

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 500,000 shares in the Company through purchases on the Singapore Exchange Securities Trading Limited ("SGX-ST") in the prior year where none was acquired in the current financial year. The total amount paid to acquire the shares in prior year was RMB797,000 and this was presented as a component within shareholders' equity.

There were no shares issued under the Anchun PSP during the financial year ended 31 December 2024 and 2023.

EBT shares reissued during the year

Employee benefit trust (EBT) shares relate to treasury shares which are transferred to an EBT managed by a director-related company.

On 30 December 2014, the Company had granted an aggregate of 1,700,000 share awards under the Anchun PSP to certain employees. The 1,700,000 shares are consolidated to 170,000 shares following a 10 to 1 share consolidation exercise effective from 26 May 2016.

On 29 December 2017, 144,000 treasury shares held under the EBT were released to employees after fulfilling the three years' service condition under the Anchun PSP. The remaining 26,000 treasury shares held under the EBT were re-allocated and granted to two employees of 17,000 shares and 9,000 shares on 29 December 2017 and 13 September 2018 respectively.

In 2020, one employee became beneficially interested in an aggregate of 17,000 EBT shares under Anchun PSP after fulfilling three years' service condition of the awards granted in FY2017.

In 2021, one employee became beneficially interested in an aggregate of 9,000 EBT shares under Anchun PSP after fulfilling three years' service condition of the awards granted in FY2017.

In 2023, 160,000 EBT shares has been officially transferred to Mr. Zheng Zhi Zhong under Anchun PSP after fulfilling three years' service condition of the awards granted in FY2017.

In 2024, there were no EBT shares granted under the Anchun PSP.

25. Other reserves

		Group		Company	
		2024	2023	2024	2023
		RMB'000	RMB'000	RMB'000	RMB'000
(a)	Statutory reserve fund	**47,845**	45,792	**–**	–
(b)	Statutory reserve fund - safety production expenditure	**6,057**	6,350	**–**	–
(c)	Contribution from shareholder	**1,725**	1,725	**–**	–
(d)	Merger reserve	**75,000**	75,000	**–**	–
(e)	Loss on reissuance of EBT shares	**(10)**	(10)	**(10)**	(10)
		130,617	128,857	**(10)**	(10)

(a) Statutory reserve fund

In accordance with the Foreign Enterprise Law applicable to the subsidiary in PRC, the subsidiary is required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

	Group	
	2024	2023
	RMB'000	RMB'000
At 1 January	**45,792**	44,822
Transferred from accumulated profits	**2,053**	970
At 31 December	**47,845**	45,792

(b) Statutory reserve fund – safety production expenditure

In accordance with the Regulation on Safety Production Expenditures applicable to the subsidiary in the PRC, the subsidiary is required to make appropriation ranging from 0.1% to 2% of the revenue generated to a Statutory Reserve Fund – safety production expenditure. The safety production expenditure is recognised in the profit or loss when it is incurred.

	Group	
	2024	2023
	RMB'000	RMB'000
At 1 January	**6,350**	7,103
Utilisation of accumulated profits during the year	**(293)**	(753)
At 31 December	**6,057**	6,350

25. Other reserves (cont'd)

(c) Contribution from shareholder

Contribution from shareholder represents the shares given by a shareholder to employees.

(d) Merger reserve

This represents the difference between the consideration paid and the paid-in capital of the subsidiary when business combination of entities under common control was accounted for by applying the pooling of interest method.

(e) Loss on reissuance of EBT shares

This represents the loss arising from the reissue of EBT shares to employees after fulfilling the three years' service condition under the Anchun PSP.

26. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(i) Catalyst Business

The catalyst business segment involves manufacturing of a variety of catalysts for use in the process of gas-making, ammonia synthesis and methanol synthesis.

(ii) Chemical systems and components ("CSC") Business

This segment involves manufacturing of chemical equipment designed by the chemical engineering and technology consultancy services department.

(iii) Chemical engineering and technology ("CET") Engineering Services

This segment involves providing chemical systems engineering and technology design services for the production of ammonia and methanol related products such as agriculture fertilisers and biodiesel which are mainly used in the agriculture and energy industries.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on gross profit or loss.

Segment assets and liabilities are not disclosed as they are not regularly provided to the chief operating decision maker.

26. Segment information (cont'd)

	Catalyst Business RMB'000	CSC Business RMB'000	CET Engineering Services RMB'000	Total RMB'000
Group				
2024				
Revenue				
External customers	18,331	151,285	7,756	177,372
Total revenue	18,331	151,285	7,756	177,372
Results:				
Segment gross profit	7,401	29,750	4,058	41,209
Finance income				2,914
Other income				7,171
Impairment losses on financial assets				(1,234)
Impairment loss on contract assets				(3,758)
Marketing and distribution expenses				(6,790)
Administrative expenses				(20,802)
Research expenses				(6,708)
Other expenses				(504)
Finance costs				(19)
Profit before tax				11,479
Other material non-cash items				
Depreciation and amortisation				(8,333)
Loss on disposal of property, plant and equipment, net				(20)
Write-off of property, plant and equipment				(134)

26. Segment information (cont'd)

	Catalyst Business RMB'000	CSC Business RMB'000	CET Engineering Services RMB'000	Total RMB'000
Group				
2023				
Revenue				
External customers	19,798	104,065	9,759	133,622
Total revenue	19,798	104,065	9,759	133,622
Results:				
Segment gross profit	5,900	19,502	5,330	30,732
Finance income				2,949
Other income				5,520
Write-back of impairment losses on financial assets				135
Write-back of impairment loss on contract assets				117
Marketing and distribution expenses				(6,643)
Administrative expenses				(22,375)
Research expenses				(7,994)
Other expenses				(239)
Finance costs				(7)
Profit before tax				2,195
Other material non-cash items				
Depreciation and amortisation				(9,173)
Write-off of property, plant and equipment				(149)

Geographical information

No geographical information is provided as the principal assets employed by the Group are located in the PRC and the Group's revenue and profits are derived primarily from customers in the PRC.

Information about major customers

During the financial year ended 31 December 2024, revenue from two (2023: two) major customers amount to RMB54,132,000 (2023: RMB44,367,000), arising from sales by the CSC Business segment (2023: CSC and CET Business segment).

27. Commitments

Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment properties. The non-cancellable leases have remaining lease terms of between one to three years (2023: one to three years). Certain leases include a clause to enable upward revision of the rental charge on an annual basis on prevailing market conditions.

Rental income recognised by the Group during the year is RMB3,106,000 (2023: RMB2,431,000).

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2024	2023
	RMB'000	RMB'000
Not later than 1 year	**3,346**	3,349
Later than 1 year but not later than 5 years	**1,533**	2,801
	4,879	6,150

28. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

28. Fair value of assets and liabilities (cont'd)

(b) Assets not measured at fair value, for which fair value is disclosed

The following table shows an analysis of the Group's assets not measured at fair value, for which fair value is disclosed:

		Group RMB'000		
		Fair value measurements at the end of the reporting period using		
	Note	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Carrying amount
31 December 2024				
Investment properties	17			
– Xiang Kai Shi Hua Tower		**8,637**	**–**	**–**
– Lufeng Road, Hi-Tech Industrial Development Zone		**–**	**14,073**	**1,197**
– Lusong Road, Hi-Tech Industrial Development Zone		**–**	**3,630**	**811**
31 December 2023				
Investment properties	17			
– Xiang Kai Shi Hua Tower		8,637	–	–
– Lufeng Road, Hi-Tech Industrial Development Zone		–	11,089	1,531
– Lusong Road, Hi-Tech Industrial Development Zone		–	2,519	956

<u>Determination of fair value</u>

Level 2 fair value measurements

The fair value of investment property in Xiang Kai Shi Hua Tower as disclosed in the table above is determined based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market.

28. Fair value of assets and liabilities (cont'd)

(b) Assets not measured at fair value, for which fair value is disclosed (cont'd)

Determination of fair value (cont'd)

Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (level 3):

Description	Fair value as at 31 December 2024 RMB'000	Valuation techniques	Unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Recurring fair value measurements				
Investment properties				
– Lufeng Road, Hi-Tech Industrial Development Zone	**14,073**	Discounted cash flow	Discount rate (12%)	An increase in discount rate in isolation would result in a lower fair value measurement.
			10 years net cash flow (RMB9.9 million)	An increase in net cash flow would result in a higher fair value measurement.
– Lusong Road, Hi-Tech Industrial Development Zone	**3,630**	Discounted cash flow	Discount rate (12%)	An increase in discount rate in isolation would result in a lower fair value measurement.
			10 years net cash flow (RMB2.5 million)	An increase in net cash flow would result in a higher fair value measurement.

28. Fair value of assets and liabilities (cont'd)

(b) Assets not measured at fair value, for which fair value is disclosed (cont'd)

Determination of fair value (cont'd)

Level 3 fair value measurements (cont'd)

The following table shows the information about fair value measurements using significant unobservable inputs (level 3): (cont'd)

Description	Fair value as at 31 December 2023 RMB'000	Valuation techniques	Unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Recurring fair value measurements				
Investment properties				
– Lufeng Road, Hi-Tech Industrial Development Zone	11,089	Discounted cash flow	Discount rate (12%)	An increase in discount rate in isolation would result in a lower fair value measurement.
			10 years net cash flow (RMB7.8 million)	An increase in net cash flow would result in a higher fair value measurement.
– Lusong Road, Hi-Tech Industrial Development Zone	2,519	Discounted cash flow	Discount rate (12%)	An increase in discount rate in isolation would result in a lower fair value measurement.
			10 years net cash flow (RMB1.7 million)	An increase in net cash flow would result in a higher fair value measurement.

Using the discounted cash flow method, fair value of investment properties in Lufeng Road and Lusong Road are estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life. This method involves the projection of a series of cash flows on an investment property. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset.

28. Fair value of assets and liabilities (cont'd)

(b) Assets not measured at fair value, for which fair value is disclosed (cont'd)

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews and lease renewal. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is estimated as gross cash flow less maintenance cost and other operating and management expenses. The series of periodic net operating cash flow is then discounted. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum, and an opposite change in the long term vacancy rate and discount rate.

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Trade and other receivables (Note 20), cash and cash equivalents (Note 21), trade and other payables (Note 22) and other liabilities (Note 23)

Management has determined that the carrying amounts of these financial assets and liabilities are reasonable approximation of their fair values due to their short-term nature or they approximate their fair value based on the market incremental rates for similar types of financial instruments at the end of the year.

29. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, credit risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is and has been throughout the current and previous financial years, the Group's policy that no trading in derivatives shall be undertaken. The Group does not apply hedge accounting.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned risks and the objectives, policies, and processes for the management of these risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from its floating rate cash at bank balances and deposits. The Group's and the Company's policy is to obtain the most favourable interest rates available.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if RMB and SGD interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit before tax would have been RMB1,969,000 (2023: RMB1,790,000) higher/lower, arising mainly as a result of higher/lower interest income on floating rate cash at bank balances. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

29. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayments obligations.

2024	**1 year or less**	**1 to 5 years**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
Group			
Financial assets			
Trade and other receivables (excluding sales tax receivables)	**35,833**	**–**	**35,833**
Cash and cash equivalents	**76,937**	**–**	**76,937**
Short term deposits	**120,000**	**–**	**120,000**
Total undiscounted financial assets	**232,770**	**–**	**232,770**
Financial liabilities			
Trade and other payables (excluding sales tax payables)	**40,001**	**–**	**40,001**
Other liabilities	**22,146**	**–**	**22,146**
Total undiscounted financial liabilities	**62,147**	**–**	**62,147**
Total net undiscounted financial assets	**170,623**	**–**	**170,623**

2023	**1 year or less**	**1 to 5 years**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
Group			
Financial assets			
Trade and other receivables (excluding sales tax receivables)	43,098	–	43,098
Cash and cash equivalents	79,018	–	79,018
Short term deposits	100,000	–	100,000
Total undiscounted financial assets	222,116	–	222,116
Financial liabilities			
Trade and other payables (excluding sales tax payables)	27,068	–	27,068
Other liabilities	20,264	–	20,264
Total undiscounted financial liabilities	47,332	–	47,332
Total net undiscounted financial assets	174,784	–	174,784

29. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

2024	**1 year or less**	**1 to 5 years**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
Company			
Financial assets			
Trade and other receivables (excluding sales tax receivables)	**47,491**	**–**	**47,491**
Cash and cash equivalents	**3,006**	**–**	**3,006**
Total undiscounted financial assets	**50,497**	**–**	**50,497**
Financial liabilities			
Trade and other payables	**13,072**	**–**	**13,072**
Other liabilities	**820**	**–**	**820**
Total undiscounted financial liabilities	**13,892**	**–**	**13,892**
Total net undiscounted financial assets	**36,605**	**–**	**36,605**

2023	**1 year or less**	**1 to 5 years**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
Company			
Financial assets			
Trade and other receivables (excluding sales tax receivables)	37,876	–	37,876
Cash and cash equivalents	6,669	–	6,669
Total undiscounted financial assets	44,545	–	44,545
Financial liabilities			
Trade and other payables	12,793	–	12,793
Other liabilities	833	–	833
Total undiscounted financial liabilities	13,626	–	13,626
Total net undiscounted financial assets	30,919	–	30,919

29. Financial risk management objectives and policies (cont'd)

(c) Changes in liabilities arising from financing activities

2024	**1 January**	**Cash flows**	**31 December**
	RMB'000	**RMB'000**	**RMB'000**
Treasury shares	**(4,994)**	**–**	**(4,994)**
Total liabilities under financing activities	**(4,994)**	**–**	**(4,994)**

2023	**1 January**	**Cash flows**	**31 December**
	RMB'000	**RMB'000**	**RMB'000**
Treasury shares	(4,197)	(797)	(4,994)
Total liabilities under financing activities	(4,197)	(797)	(4,994)

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis by the Group.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, and when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

The Group considers available reasonable and supportive forwarding-looking information and significant changes in the payment status and behaviour of debtors.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 180 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtors
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy

29. Financial risk management objectives and policies (cont'd)

(d) Credit risk (cont'd)

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Trade receivables and contract assets

The Group provides for lifetime expected credit losses for all trade receivables and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to years past due. The loss allowance as at 31 December 2024 and 2023 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix:

31 December 2024	**% of allowance provision**	**Gross carrying amount**	**Loss allowance provision**
		RMB'000	**RMB'000**
Contract assets	**8**	**113,139**	**9,125**
Trade receivables:			
Within 1 year	**17**	**15,100**	**2,498**
1 year to 2 years	**65**	**8,503**	**5,497**
2 years to 3 years	**85**	**1,996**	**1,695**
More than 3 years	**100**	**14,119**	**14,119**
Total		**152,857**	**32,934**

31 December 2023	**% of allowance provision**	**Gross carrying amount**	**Loss allowance provision**
		RMB'000	**RMB'000**
Contract assets	6	94,144	5,367
Trade receivables:			
Within 1 year	17	16,622	2,796
1 year to 2 years	46	4,860	2,240
2 years to 3 years	79	2,743	2,170
More than 3 years	100	16,635	16,635
Total		135,004	29,208

Information regarding loss allowance movement of trade receivables and contract assets are disclosed in Note 20.

29. Financial risk management objectives and policies (cont'd)

(d) *Credit risk (cont'd)*

Trade receivables and contract assets (cont'd)

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheets.

Credit risk concentration profile

At the end of the reporting period, approximately 64% (2023: 69%) of the Group's trade receivables were due from 10 (2023: 10) major customers located in the People's Republic of China.

(e) *Foreign currency risk*

The Group has exposure to foreign currency risk as a result of transactions denominated in foreign currencies, arising from the normal conduct of operations. The currency giving rise to this risk is primarily the Singapore Dollar ("SGD").

The Group's currency exposure to SGD is as follows:

	2024 RMB'000	2023 RMB'000
Financial assets		
Cash and cash equivalents	**1,719**	2,728
Trade and other receivables	**13**	10
Financial liabilities		
Other liabilities	**(820)**	(833)
Currency exposure	**912**	1,905

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the respective foreign currency against the functional currency of the Group, with all other variables held constant.

	Group Increase/(Decrease) Profit before tax	
	2024 RMB'000	**2023 RMB'000**
SGD against RMB		
– strengthened 5% (2023: 5%)	**46**	95
– weakened 5% (2023: 5%)	**(46)**	(95)

30. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 2023.

As disclosed in Note 25, the Company's PRC subsidiary is required by the relevant laws and regulations of the PRC to contribute to and maintain non-distributable statutory reserve funds whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the subsidiary for the financial years ended 31 December 2024 and 2023.

The Group will continue to be guided by prudent financial policies which are to finance the operations mainly through cash generated from operating activities..

	Group	
	2024	**2023**
	RMB'000	**RMB'000**
Trade and other payables (Note 22)	**54,522**	36,719
Other liabilities (Note 23)	**22,146**	20,264
Less:		
Cash and cash equivalents (Note 21)	**(76,937)**	(79,018)
Short term deposits (Note 21)	**(120,000)**	(100,000)
Net cash	**(120,269)**	(122,035)
Equity attributable to owners of the Company	**310,076**	299,207
Less:		
Statutory reserve fund (Note 25)	**(47,845)**	(45,792)
Statutory reserve fund – safety production expenditure (Note 25)	**(6,057)**	(6,350)
Staff welfare payable	**(69)**	(32)
Total capital	**256,105**	247,033
Gearing ratio	**NA***	NA*

* Not applicable as the Group is in a net cash position.

31. Dividends

	2024 RMB'000	2023 RMB'000
Proposed but not recognised as liability as at 31 December:		
– Final tax-exempt (one-tier) dividend of RMB0.12 and RMBNil per ordinary share in respect of the financial years ended 31 December 2024 and 31 December 2023, respectively, subject to shareholders' approval at the Annual General Meeting:	**5,622**	–
Declared and paid during the financial year:		
– Final tax-exempt (one-tier) dividend of RMB0.12 per ordinary share in respect of the financial year ended 31 December 2022, approved and paid during the financial year	**–**	5,654

32. Authorisation of financial statements

The consolidated financial statements for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors on 28 March 2025.

STATISTICS OF SHAREHOLDINGS

AS AT 14 MARCH 2025

Class of Shares	:	Ordinary Share
Number of Issued Shares (excluding Treasury Shares and Subsidiary Holdings)	:	46,850,900
Issued and fully paid-up capital	:	S$45,449,200
Voting Rights	:	One vote per Ordinary Share ("Share")
Number of Treasury Shares and Percentage	:	3,649,100 (7.23%)
Number of Subsidiary Holdings and Percentage	:	Nil

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 14 March 2025, approximately 36.12% of the issued ordinary shares (excluding treasury shares) of the Company are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST which requires that at least 10% of the issued Shares (excluding preference shares, convertible equity securities and treasury shares) of the Company in a class that is listed is at all times held in the hands of the public.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	9	1.00	540	*
100 - 1,000	368	41.04	189,975	0.41
1,001 - 10,000	380	42.36	1,583,465	3.38
10,001 - 1,000,000	130	14.49	9,025,530	19.26
1,000,001 AND ABOVE	10	1.11	36,051,390	76.95
TOTAL	**897**	**100.00**	**46,850,900**	**100.00**

* *Negligible.*

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	ACE SENSE HOLDINGS LIMITED	10,967,200	23.41
2.	ORIENTAL EAGLE HOLDINGS LIMITED	4,798,700	10.24
3.	DAWN VITALITY INTERNATIONAL LIMITED	4,057,500	8.66
4.	INVENTIVE RESULT ENTERPRISES LIMITED	3,711,700	7.92
5.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	3,259,100	6.96
6.	GIANT YIELD GLOBAL LIMITED	3,019,800	6.45
7.	CHINA XLX FERTILISER LTD	1,960,000	4.18
8.	ANDREW BEK	1,600,000	3.42
9.	GOH GUAN SIONG (WU YUANXIANG)	1,488,400	3.18
10.	PHILLIP SECURITIES PTE LTD	1,188,990	2.54
11.	HUANG BAOJIA	1,000,000	2.13
12.	MAYBANK SECURITIES PTE. LTD.	619,860	1.32
13.	DBS NOMINEES (PRIVATE) LIMITED	501,290	1.07
14.	LIM POH CHOON	405,600	0.87
15.	GO POWER INVESTMENTS LIMITED	390,000	0.83
16.	ENG KOON HOCK	388,000	0.83
17.	BAO CHEN	330,000	0.70
18.	ABN AMRO CLEARING BANK N.V.	320,200	0.68
19.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	277,600	0.59
20.	LIM & TAN SECURITIES PTE LTD	203,000	0.43
	TOTAL	**40,486,940**	**86.41**

SUBSTANTIAL SHAREHOLDERS AS AT 14 MARCH 2025

(As recorded in the Register of Substantial Shareholders)

		DIRECT INTERESTS		DEEMED INTERESTS	
NO.	NAME	NO. OF SHARES HELD	%[1]	NO. OF SHARES HELD	%[1]
1.	Xie Ming[2]	–	–	10,967,200	23.41
2.	Xie Xing[3]	–	–	10,967,200	23.41
3.	Zheng Zhi Zhong[4]	–	–	4,798,700	10.24
4.	Liang Gong Zeng[5]	–	–	3,019,800	6.45
5.	Dai Feng Yu[6]	–	–	3,887,500	8.30
6.	He Zu Bing[7]	–	–	3,711,700	7.92
7.	Ma Ong Kee[8]	–	–	3,255,400	6.95
8.	Ace Sense Holdings Limited	10,967,200	23.41	–	–
9.	Oriental Eagle Holdings Limited	4,798,700	10.24	–	–
10.	Giant Yield Global Limited	3,019,800	6.45	–	–
11.	Dawn Vitality International Limited[9]	4,057,500	8.66	–	–
12.	Inventive Result Enterprises Limited	3,711,700	7.92	–	–

Notes: -

(1) Percentage calculated based on 46,850,900 voting shares (excluding treasury shares and subsidiary holdings) of the Company as at 14 March 2025.

(2) Xie Ming is deemed to have an interest in 10,967,200 Shares held by Ace Sense Holdings Limited.

(3) Xie Xing is deemed to have an interest in 10,967,200 Shares held by Ace Sense Holdings Limited.

(4) Zheng Zhi Zhong is deemed to have an interest in 4,798,700 Shares held by Oriental Eagle Holdings Limited.

(5) Liang Gong Zeng is deemed to have an interest in 3,019,800 Shares held by Giant Yield Global Limited.

(6) Dai Feng Yu is deemed to have an interest in 3,887,500 Shares held by Dawn Vitality International Limited, excluding 170,000 Shares held on trust for certain employees of the Group under Anchun Performance Share Plan 2014.

(7) He Zu Bing is deemed to have an interest in 3,711,700 Shares held by Inventive Result Enterprises Limited.

(8) Ma Ong Kee is deemed to have an interest in 3,255,400 Shares held by a nominee account.

(9) Of the 4,057,500 shares that Dawn Vitality International Limited holds, 170,000 shares are held on trust for certain employees who are the participants of the Anchun Performance Share Plan 2014.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of ANCHUN INTERNATIONAL HOLDINGS LTD. (the “**Company**”) will be convened at M Hotel, 81 Anson Road, Singapore 079908 on Thursday, 24 April 2025 at 9:30 a.m. to transact the following business: -

AS ORDINARY BUSINESS

		Ordinary Resolution No.
1.	To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2024 together with the Auditors’ Report thereon.	**(Resolution 1)**
2.	To declare one-tier tax exempt final dividend of Renminbi Twelve Cents (RMB0.12) per ordinary share for the financial year ended 31 December 2024 (FY2023: NIL).	**(Resolution 2)**
3.	To re-elect the following Directors, who are retiring under Article 88 of the Company’s Constitution and who, being eligible, offer themselves for re-election:	
	3.1 Mr. San Meng Chee	**(Resolution 3)**
	3.2 Mr. Tan Wei Shyan	**(Resolution 4)**
	3.3 Mr. Wang He Ming	**(Resolution 5)**
	[See Explanatory Note (i)]	
4.	To re-elect the following Directors, who are retiring by rotation under Article 89 of the Company’s Constitution and who, being eligible, offer themselves for re-election:	
	4.1 Ms. Xie Ming	**(Resolution 6)**
	4.2 Mr. Xie Ding Zhong	**(Resolution 7)**
	[See Explanatory Note (ii)]	
5.	To approve the payment of Directors’ fees of up to S$334,000 for the financial year ending 31 December 2025 (2024: S$346,000).	**(Resolution 8)**
	[See Explanatory Note (iii)]	
6.	To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.	**(Resolution 9)**
	[See Explanatory Note (iv)]	
7.	To transact any other ordinary business which may properly be transacted at an AGM.	

AS SPECIAL BUSINESS

8. To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications: -

8.1 **<u>Share Issue Mandate</u>** **(Resolution 10)**

"That pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

(a) (i) allot and issue new ordinary shares in the capital of the Company (the "Shares"), whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued during the continuance of such authority or thereafter, including but not limited to the creation and issue (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may, in their absolute discretion, deem fit; and

(b) issue Shares in pursuance of any Instrument made or granted by the Board while such authority was in force (notwithstanding that such issue of the Shares pursuant to the Instruments may occur after the expiration of the authority contained in this Resolution),

provided that: -

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below) of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of the Shares;

provided such adjustment in sub-paragraphs (2) (a) and (b) above are only to be made in respect of new Shares arising from the convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution of the Company for the time being; and

(4) unless revoked or varied by the Company in a general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (v)]

8.2 **<u>Renewal of Share Purchase Mandate</u>** **(Resolution 11)**

"That: -

(a) for the purposes of the Listing Manual of the SGX-ST and the Companies Act, the Directors of the Company be and are hereby authorised to exercise of all the powers of the Company to purchase or acquire its issued and fully paid-up Shares of the Company at such price(s) as may be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company from time to time up to the Maximum Price (as defined below), whether by way of:

(i) an on-market purchase ("**Market Purchase**") transacted through the SGX-ST's trading system or on another stock exchange on which the Shares are listed, the SGX-ST through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) an off-market purchase ("**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with an equal access scheme(s), as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations, including the Companies Act and the Listing Manual of the SGX-ST as may for the time being, be applicable, be and is hereby authorised and approved generally and unconditionally, ("**Share Purchase Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(c) the Share Purchase Mandate shall, unless varied or revoked by the Company in general meeting, continue in force during the "**Relevant Period**", which is the period commencing from the passing of this Resolution and expiring on the earliest of: -

(i) the conclusion of the next AGM of the Company or the date by which such AGM is required by law to be held;

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by ordinary resolution of the Company in general meeting;

(d) in this Resolution: -

"**Average Closing Price**" means the average of the Closing Market Prices of the Shares over the last five (5) Market Days on which the Shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs during the relevant five-day period and the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase;

"**Closing Market Price**" means the last dealt price for a Share transacted through the SGX-ST's Central Limit Order Book trading system as shown in any publication of the SGX-ST or other sources;

"**date of the making of the offer**" means the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**Maximum Limit**" means the number of Shares representing ten per cent. (10%) of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares and subsidiary holdings as at that date) unless the Company has effected a cancellation of Shares pursuant to a reduction of its issued share capital, in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares as so altered; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for the Shares as determined by the Directors, which shall not exceed (i) in the case of a Market Purchase of a Share, one hundred and five per cent. (105%) of the Average Closing Price of the Shares; and (ii) in the case of an Off-Market Purchase of a Share, one hundred and twenty per cent. (120%) of the Average Closing Price of the Shares, in each case, excluding related expenses of the purchase or acquisition;

(e) the Directors and each of them be authorised, empowered to complete and do and execute all such things and acts as they or he may think necessary or expedient to give effect to this Resolution (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents) as they or he shall think fit in the interests of the Company."

[See Explanatory Note (vi)]

Notice of Record Date for the Final Dividend

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 5 May 2025 for the purpose of determining shareholders' entitlements to the one-tier tax exempt final dividend of RMB0.12 per ordinary share ("**Final Dividend**") for the financial year ended 31 December 2024.

Duly completed registerable transfers of ordinary shares of the Company received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbour Avenue, #14-07 Keppel Bay Tower, Singapore 098632 up to the close of business at 5:00 p.m. on 2 May 2025 will be registered before entitlement to the Final Dividend are determined. Shareholders whose Securities Account with the Central Depository (Pte) Ltd are credited with shares on 5:00 p.m. on 2 May 2025 will be entitled to the Final Dividend.

The Final Dividend, if approved at the AGM to be held on 24 April 2025, will be paid on 22 May 2025.

By Order of the Board

Thum Sook Fun
Company Secretary

Singapore, 9 April 2025

Explanatory Notes:

(i) Ordinary Resolution 3, 4 and 5 in relation to the re-election of Directors under Article 88

(a) Mr. San Meng Chee will, upon re-election as a Director of the Company, remain as the Chairman of Audit Committee and a member of Nominating Committee, and will be considered as independent.

(b) Mr. Tan Wei Shyan will, upon re-election as a Director of the Company, remain as the Chairman of Remuneration Committee and a member of each of the Audit Committee and Nominating Committee, and will be considered as independent.

(c) Mr. Wang He Ming will, upon re-election as a Director of the Company, remain as a member of Audit Committee and will be considered as independent.

Detailed information on Mr. San Meng Chee, Mr. Tan Wei Shyan and Mr. Wang He Ming can be found in the Company's FY2024 Annual Report.

(ii) Ordinary Resolution 6 and 7 in relation to the re-election of Directors under Article 89

(a) Ms. Xie Ming will, upon re-election as a Director of the Company, remain as the Chairman of the Board and a member of Remuneration Committee. Ms. Xie will be considered a Non-Independent and Non-Executive Director.

(b) Mr. Xie Ding Zhong will, upon re-election as a Director of the Company, remain as a member of Nominating Committee. Mr. Xie will be considered a Non-Independent and Non-Executive Director.

Detailed information on Ms. Xie Ming and Mr. Xie Ding Zhong can be found in the Company's FY2024 Annual Report.

(iii) Ordinary Resolution 8 in relation to the Directors' fees

The Ordinary Resolution 8 is to seek approval for the payment of up to S$334,000 as directors' fees on a current year basis, that is for the financial year ending 31 December 2025. In the event that the amount proposed is insufficient, approval will be sought at next year's AGM for payments to meet the shortfall.

(iv) Ordinary Resolution 9 in relation to the re-appointment of auditors

The Ordinary Resolution 9 is to re-appoint Messrs Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.

The Company has complied with Rule 713 of the Listing Manual of the SGX-ST by ensuring that the audit partner is not in charge of more than 5 consecutive years of audits. The current audit partner, Mr. Tan Soon Seng, was appointed since the financial year ended 31 December 2024.

(v) Ordinary Resolution 10 in relation to the Share Issue Mandate

The Ordinary Resolution 10 is to empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, fifty per cent. (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to twenty per cent. (20%) may be issued other than on a pro-rata basis to shareholders.

(vi) Ordinary Resolution 11 in relation to the Renewal of Share Purchase Mandate

The Ordinary Resolution 11 is to empower the Directors to make purchase (whether by way of Market Purchase or Off-Market Purchase on an equal access scheme) from time to time during Relevant Period (as defined in the Letter to Shareholders dated 9 April 2025 of up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings)) at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are set out in greater detail in the Letter to Shareholders dated 9 April 2025 accompanying this notice of AGM.

Notes:

Format of Meeting

(1) The AGM will be held, in a wholly physical format at the venue, date and time as stated above. **There will be no options for Shareholders to participate virtually**.

Please bring along your NRIC/passport so as to enable the Company to verify your identity. Shareholders are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if they are feeling unwell. Shareholders are strongly encouraged to exercise social responsibility to rest at home and consider appoint / appoint a proxy(ies) to attend the AGM.

AGM Documents

(2) The following documents are made available to shareholders together with this Notice of AGM ("collectively known as "**AGM Documents**") on SGX website at the URL: https://www.sgx.com/securities/company-announcements and the Company's website at the URL: https://www.anchun.com/investor-relations/.

(a) Annual Report 2024;
(b) Proxy Form in relation to the AGM; and
(c) Letter to the Shareholders in relation to The Proposed Renewal of Share Purchase Mandate.

Printed copies of the AGM Documents will be sent by post to the Shareholders accordingly.

Appointment of Proxy(ies)

(3) A shareholder of the Company who is not a Relevant Intermediary, is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her behalf at the AGM. A shareholder of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. "**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967 (the "**Act**").

Where such member appoints two (2) proxies, the proportion of his/her shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her/its name in the Depository Register and any second named proxy as an alternate to the first named.

(4) A shareholder of the Company who is a Relevant Intermediary, is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

(5) A proxy need not be a shareholder of the Company. A shareholder of the Company may choose to appoint the Chairman of the Meeting as his/her/its proxy. If a shareholder wishes to appoint the Chairman of the Meeting as proxy, such shareholder (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

(6) The instrument appointing a proxy, or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Act or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing a proxy, or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy.

(7) The instrument appointing a proxy, duly executed, must be deposited not less than 48 hours before the time appointed for the AGM by **9:30 a.m. on 22 April 2025 (Tuesday)** in the following manner: -

(a) If submitted by post, be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

(b) If submitted electronically, be submitted via email to the Company's Share Registrar at srs.proxy@boardroomlimited.com.

Shareholders are strongly encouraged to submit the completed proxy form electronically.

(8) CPF and SRS investors who hold the Company's shares:

(a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operations if they have any queries regarding their appointment as proxies; or

(b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their voting instruction by **5.00 p.m. on 14 April 2025 (Monday)**.

(9) The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument. In addition, in the case of shareholder whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such shareholder, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Submission of questions

(10) Shareholders, including CPF and SRS investors, may submit substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM in advance of the AGM: -

(a) by post to the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

(b) by electronically via email to the Company's Share Registrar at srs.teamd@boardroomlimited.com.

When submitting any questions via email or by post, shareholders **MUST** provide their particulars: (i) Shareholder's full name; (ii) his/her/its identification/registration number; (iii) contact for verification purposes; and (iv) the manner in which the Shareholder holds shares in the Company (e.g. via CDP, CPF, SRS etc) for verification purposes.

All questions submitted in advance must be received by **5:30 p.m. on 16 April 2025 (Wednesday)**.

(11) The Company will endeavour to address all substantial and relevant questions received from shareholders at least 48 hours prior to the closing date and time for the lodgement of the proxy forms by publishing the responses to those questions on the SGX website at the URL: https://www.sgx.com/securities/company-announcements/ and the Company's website prior to the AGM at the URL: https://www.anchun.com/investor-relations/. Where substantial and relevant questions submitted by Shareholders are unable to be addressed prior to the AGM, the Company will address them at the AGM.

The minutes of the AGM, including responses to substantial queries from the Shareholders which are addressed during the AGM, shall thereafter be published on SGXNet and the Company's corporate website at the URL: https://www.anchun.com/investor-relations/ within one (1) month from the date of the AGM.

Personal Data Privacy

Where shareholder of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) undertakes that the shareholder will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iv) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty. The shareholder's personal data and the proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes and retained for such period as may be necessary for the Company's verification and record purposes.

ANCHUN INTERNATIONAL HOLDINGS LTD.
(Registration No. 200920277C)
(Incorporated in the Republic of Singapore)

PROXY FORM – ANNUAL GENERAL MEETING
(for the financial year ended 31 December 2024)

IMPORTANT:
1. The shareholders of the Company are invited to attend physically at the AGM. **There will be no options for shareholders to participate virtually**.
2. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF and SRS Investors who hold ordinary shares through their CPF/SRS funds. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM, **by 14 April 2025 (Monday)** to ensure their votes are submitted.
3. **Please read the notes overleaf which contain the instruction on, *inter alia*, the appointment of proxy(ies)**.

I/We*, ______________________ (Name) NRIC/Company/Passport No.* ______________________

of ____ (Address)

being a shareholder/shareholders of **ANCHUN INTERNATIONAL HOLDINGS LTD.** (the "**Company**") hereby appoint :

Name	Email Address	NRIC/Passport No.	Proportion of Shareholders	
			No. of Shares	%

and/or*

Name	Email Address	NRIC/Passport No.	Proportion of Shareholders	
			No. of Shares	%

falling whom, the Chairman of the Meeting as my/our* proxy to attend and to attend, speak and vote for me/us* on my/your* behalf at the AGM of the Company to be held at M Hotel, 81 Anson Road, Singapore 079908 on Thursday, 24 April 2025 at 9:30 a.m. (Singapore time) and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies* may vote or abstain from voting at his/her/their* discretion, as he/she/they will on any matter arising at the AGM.

No.	Ordinary Resolutions	For	Against	Abstain
AS ORDINARY BUSINESS				
1.	Adoption of Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2024 together with the Auditors' Report thereon			
2.	Declaration of one-tier tax exempt final dividend of Renminbi Twelve Cents (RMB0.12) per ordinary share for the financial year ended 31 December 2024			
3.	Re-election of Mr. San Meng Chee as Director			
4.	Re-election of Mr. Tan Wei Shyan as Director			
5.	Re-election of Mr. Wang He Ming as Director			
6.	Re-election of Ms. Xie Ming as Director			
7.	Re-election of Mr. Xie Ding Zhong as Director			
8.	Approval of Directors' fees for the financial year ending 31 December 2025			
9.	Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration			
AS SPECIAL BUSINESS				
10.	Authority to allot and issue shares			
11.	Renewal of Share Purchase Mandate			

(i) Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of AGM for the full purpose and intent of the Resolutions to be passed.

(ii) Voting will be conducted by poll. If you wish to exercise all your votes, "For" or "Against", please indicate your vote "For" or "Against" with a tick (✓) within the "For" or "Against" box provided. Alternatively, please indicate the number of votes "For" or "Against" as appropriate in the resolution. If you wish to "Abstain" from voting, please indicate with a tick (✓) in the "Abstain" box. Alternatively, please indicate the number of shares which you wish to abstain from voting. In the absence of directions for the resolution, the appointment of the Chairman of the Meeting as your proxy for the resolution will be treated as invalid.

Dated this ____________ day of ________________ 2025

Total Number of Shares held

____

Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

**Delete where inapplicable*

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and the Register of Members of the Company, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members of the Company. If no number is inserted, the instrument appointing a proxy, or proxies shall be deemed to relate held by you.
2. A shareholder of the Company who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her behalf at the AGM. A shareholder of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. "**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

   Where such member appoints two (2) proxies, the proportion of his/her shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her/its name in the Depository Register and any second named proxy as an alternate to the first named.
3. A shareholder of the Company who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
4. A proxy need not be a shareholder of the Company. A shareholder of the Company may choose to appoint the Chairman of the Meeting as his/her/its proxy. If a shareholder wishes to appoint the Chairman of the Meeting as proxy, such shareholder (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

AFFIX
STAMP

THE SHARE REGISTRAR
ANCHUN INTERNATIONAL HOLDINGS LTD.
(Company No. 200920277C)

BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.
1 HARBOURFRONT AVENUE
#14-07 KEPPEL BAY TOWER
SINGAPORE 098632

5. The instrument appointing a proxy, or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act 1967 or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing a proxy, or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy.
6. The instrument appointing a proxy, duly executed, must be deposited not less than 48 hours before the time appointed for the AGM by **9:30 a.m. on 22 April 2025 (Tuesday)** in the following manners: -
   (i) If submitted by post, be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
   (ii) If submitted electronically, be submitted via email to the Company's Share Registrar at srs.proxy@boardroomlimited.com.

   Shareholders are strongly encouraged to submit the completed proxy form electronically.
7. CPF and SRS investors who hold the Company's shares:
   (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operations if they have any queries regarding their appointment as proxies; or
   (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their voting instruction by **5.00 p.m. on 14 April 2025 (Monday)**.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument. In addition, in the case of shareholder whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such shareholder, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 9 April 2025.

ANCHUN INTERNATIONAL HOLDINGS LTD.

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