



ANCHUN INTERNATIONAL HOLDINGS LTD.

Co. Registration Number: 200920277C

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

Principal Office: 539 Lusong Road, Changsha Hi-tech Development Zone,
Changsha, Hunan, China

RESPONSE TO SGX QUERY

The Board of Directors ("**Board**") of Anchun International Holdings Ltd. ("**Company**", together with its subsidiary, "**Group**") has on 22 April 2022 received the following query from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in relation to its Annual Report for the financial year ended 31 December 2021 ("**FY2021**") released on 7 April 2022 and sets out its response as follows:

Question 1: We note that the Company stated in its Annual Report 2021 that it has outsourced its Internal Audit (IA) function to Peking Certified Accountants LLP. However, the Audit Committee (AC) has not commented on whether and how the IA function is independent, effective and adequately resourced as required under Listing Rule 1207(10C). Please substantiate the AC's confirmation with specific information on track record, resource adequacy, as well as any other information required under Listing Rule 712 including the AC's basis for selecting the IA, the size and qualification of the IA, whether they have audited similar public companies listed in their own jurisdiction of operation and what standards were applied in the assessing the performance of the IA of the Company.

Response:

The Company provides below additional detailed information on Peking Certified Public Accountants LLP ("Peking") the Audit Committee ("AC") considered in their appointment. Based on the information, the AC is satisfied with the independent of Peking and adequately resourced. Peking has been appointed as the Group's internal auditor since 2019.

Detailed information of Peking Certified Public Accountants LLP

1)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 RMB19.4 million and Mr. Hu Baihe as the principal partner.

As of December 31, 2020, Peking Certified Public Accountants LLP has 1,353 employees who are professionals in finance, accounting, audit, tax, IT, management consulting, including 466 certified public accountants (CPA), 13 senior CPAs, 16 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 National Association of Financial Market Institutional Investors. As a

formal member of DFK International Federation of Accountants, it's one of the earliest comprehensive firms with large scale and sound qualifications.

2)Track Record

In FY2020, Peking Certified Public Accountants LLP reported revenue of RMB388.05 million and ranked 31 in business revenue published by CICPA.

In FY2020, the number of audit clients they have serviced is as follows:

Audit clients	Number
Audit annual reports of listed companies	30
Internal audit	29
Others [#]	4,284

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.

3) 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 27 years is one of the factors the Group has taken into consideration in its selection of IA service provider.

4) 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.

5) Internal audit standard

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

6) Served similar clients

In FY2020, the number of internal audit clients of listed companies of similar size and scale as the Company is as follows:

Internal Audit clients of listed companies	Number
Listed Clients of China Main Board Market	15

Internal Audit clients of listed companies	Number
Listed Clients of China SME (Small and Medium Enterprise) Board Market	6

By Order of the Board

Zheng, ZhiZhong
Executive Director and Chief Executive Officer
23 April 2022