CHINA STAR FOOD GROUP
中国之星食品集团

(Incorporated in the Republic of Singapore with Unique Entity No.: 200718683N)
Website: www.zixingroup.com.sg
SGX stock code: 42W

PROPOSED: (1) REMOVAL OF RT LLP AS THE AUDITOR OF THE COMPANY;

(2) APPOINTMENT OF UHY LEE SENG CHAN & CO. AS THE AUDITOR OF THE COMPANY; AND

(3) CHANGE OF COMPANY NAME.

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1. INTRODUCTION

The board of directors (the "**Board**" or the "**Directors**") of China Star Food Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce the Company's intention to (1) remove RT LLP as the independent auditors of the Company (the "**Removal of Auditor**"), (2) appoint UHY Lee Seng Chan & Co. ("**UHY**") as the independent auditors of the Company until the conclusion of the forthcoming annual general meeting ("**AGM**") of the Company for the financial year ending 31 March 2022 ("**FY2022**") (the "**Proposed Appointment of Auditor**" and, together with the Removal of Auditor, the "**Proposed Change of Auditor**"), and (3) change the Company's name from 'China Star Food Group Limited' to 'Zixin Group Holdings Limited' (the "**Proposed Change of Name**").

2. THE PROPOSED CHANGE OF AUDITORS

2.1 RT LLP has been the independent auditors of the Company and its wholly-owned Singapore subsidiary Zixin International Pte. Ltd. ("**Zixin International**") since financial year ended 31 March 2018, and was re-appointed as the Company's auditors at the last AGM of the Company held on 31 August 2021, to hold office until the conclusion of the forthcoming AGM of the Company for FY2022. Pan-China Singapore PAC ("**PCS**") has been the auditors of the Company's subsidiaries in the People's Republic of China (the "**PRC**") (the "**PRC Subsidiaries**") since financial year ended 31 March 2018.

2.2 For the purpose of ensuring good corporate governance, and as part of the Group's ongoing efforts to manage its overall business costs and expenses, the Board has approached other audit firms for proposals in relation to audit services and quotations and is of the view that it would be timely and appropriate to appoint a new firm of independent auditors for FY2022, subject to the relevant approval of the shareholders of the Company (the "**Shareholders**") at an extraordinary general meeting to be convened in relation to the Proposed Change of Auditor and the Proposed Change of Name in due course (the "**EGM**").

2.2.1 <u>The Proposed Appointment of Auditors</u>

(a) UHY was selected for the proposed appointment after the audit committee of the Company (the "**AC**") invited and evaluated competitive proposals from various

audit firms. The AC reviewed and deliberated on the proposals received from each of the audit firms and has considered, amongst others, (A) the Audit Quality Indicators Disclosure Framework issued by the Accounting and Corporate Regulatory Authority ("**ACRA**"), as well as (B) the criteria for the evaluation and selection of external auditors contained in the Guidebook for Audit Committees in Singapore and the Audit Committee Guide issued by the Singapore Institute of Directors, including factors such as (i) the adequacy of the resources and experience of the audit firm to be selected and the audit engagement partners to be assigned to the respective audits of the Company and the subsidiaries of the Group, (ii) that the audit engagement partner has not been subjected to ACRA's Practice Monitoring Programme review for the past 12 months, (iii) audit approach, (iv) transition plan, (v) other audit engagements of the audit firm to be selected, (vi) the Group's audit requirements, (vii) the size and complexity of the Group and the number and experience of supervisory and professional staff to be assigned to the audit, and (viii) the proposed audit fees.

(b) Based on the above evaluation, the AC recommended to the Board that UHY be selected for the proposed appointment on the basis that it best suits the current business and operational needs of the Group. In particular:

(i) the Board notes that if the Proposed Appointment of Auditor is approved by Shareholders, the Company's wholly-owned Singapore-incorporated subsidiary, Zixin International, will also be changing its auditor from RT LLP to UHY. The Group's PRC Subsidiaries, the operations of which are mainly in the PRC, will also be changing their respective auditors to either UHY (who would travel to the PRC to perform the audit) or its affiliated firm in the PRC, Zhonghua Certified Public Accountants LLP ("**Zhonghua CPA**"), an accounting firm incorporated in the PRC. In respect of FY2022, the Company understands from UHY that arrangements are in place for Zhonghua CPA to perform the audit of the PRC Subsidiaries in view of the current Covid-19 situation in the PRC, which has increased the inconvenience of travelling. For subsequent financial years, the above audit arrangements for the PRC Subsidiaries may change, whereby UHY may elect instead to travel to the PRC to perform the audit of the PRC Subsidiaries, subject to UHY's assessment. UHY and Zhonghua CPA are both independent members of the UHY international, an international network of accounting and consulting firms. In this regard, the Board and AC are of the view that having auditors from the same network of firms would enhance the overall efficiency and effectiveness of the Group's audit;

(ii) the quality and scope of audit services to be provided by UHY will be comparable to those provided by RT LLP, while the audit fees proposed by UHY are more competitive and would provide significant cost savings; and

(iii) the Board and AC are of the opinion that UHY will be able to fulfil the audit requirements of the Company and the Group without compromising the standard and effectiveness of the audit of the Company and the Group.

2.2.2 <u>The Proposed Removal of Auditors</u>

(a) The Company had on 26 January 2022 formally requested that RT LLP resign from its appointment as auditors of the Company for the reasons as stated above. In its replies to the Company dated 27 January 2022 and 10 February 2022, RT LLP had indicated it had no valid reasons to justify its resignation to the ACRA.

(b) Accordingly, the Company is now seeking Shareholders' approval for the removal of RT LLP as the auditors of the Company at the EGM pursuant to Section 205(4) of the Companies Act 1967 of Singapore.

(c) RT LLP has on 24 February 2022 provided its written confirmation to the Company that:

(i) RT LLP has not commenced the audit for the financial year of the Company ending 31 March 2022;

(ii) there are no disputes between RT LLP and the management of the Company; and

(iii) there are no matters which may affect the independence or integrity of the audit.

2.2.3 In accordance with Rule 715 of the SGX-ST Listing Manual Section B: Rules of Catalist (the"**Catalist Rules**"):

(a) subject to the appointment of UHY as the auditors of the Company, UHY shall also be appointed as the auditors of Zixin International, and Zhonghua CPA shall replace PCS as the auditors of the PRC Subsidiaries; and

(b) the Board and AC are of the view that Zhonghua CPA is a suitable auditing firm to be engaged for the PRC Subsidiaries, being the Company's significant foreign-incorporated subsidiaries and associated companies.

2.3 UHY has by way of a letter dated 29 March 2022 given its consent to act as auditors of the Company, subject to UHY's appointment being approved by the Shareholders at the EGM.

2.4 The Proposed Removal of Auditor and Proposed Appointment of Auditor will be effective upon the approval of Shareholders being obtained at the EGM. Upon its appointment, UHY will hold office until the conclusion of the next AGM of the Company.

2.5 In accordance with the requirements of Rule 712(3) of the Catalist Rules:

(a) RT LLP has confirmed by way of a letter dated 17 March 2022 that it is not aware of any professional reasons why UHY should not accept the appointment as auditors of the Company and Zixin International;

(b) the Company confirms that there were no disagreements with RT LLP on accounting treatments within the last 12 months and up to the date of this Announcement;

(c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in this announcement;

(d) the Company confirms that the specific reasons for the Proposed Removal of Auditor and the Proposed Appointment of Auditor are as disclosed above; and

(e) the Company confirms that it complies with Rules 712 and 715 of the Catalist Rules in relation to the proposed appointment of UHY as the independent auditors of the Company.

2.6 The Board and the Group would like to take this opportunity to express their appreciation for the past services rendered by RT LLP.

3. THE PROPOSED CHANGE OF NAME

3.1 The Board is proposing to change the Company's name from "China Star Food Group Limited" to "Zixin Group Holdings Limited".

3.2 The Proposed Change of Name stems from the intention to consolidate the identity and branding of the Group. The operations of the Group are largely based in the PRC, and its identifying name in the PRC is generally known as "紫心薯业", which loosely translates to 'the business of purple sweet potatoes'. The pronunciation of "紫心薯业" is "Zixin Shu Ye", and the Group is thus generally known as "Zixin".

3.3 As previously explained in its circular dated 14 October 2021 in relation to the proposed placement of 500,000,000 new ordinary shares in the share capital of the Company (which was completed on 19 November 2021), the Group intends to expand the sale of its products to Singapore and eventually, other countries in the South-East Asia region such as Malaysia, Indonesia and Thailand. In this regard, the Group intends to present an aligned and consolidated branding and identity before it expands into the aforementioned regions.

3.4 Further, the Company has previously received queries and comments from stakeholders on how China Star Food Group Limited is related to "Zixin". The Board is therefore of the view that it is timely for the Company to change its name and will seek such approval from Shareholders at the EGM.

3.5 The Proposed Change of Name will be effective subject to approval at the EGM and after ACRA has issued the notice of change of name and certificate confirming incorporation of the Company to confirm the change of name.

4. EXTRAORDINARY GENERAL MEETING AND CIRCULAR

The Company will be seeking the Shareholders' approval for the Proposed Removal of Auditor, the Proposed Appointment of Auditor, and the Proposed Change of Name at the EGM. Further details of the EGM will be set out in the circular and notice of EGM to be despatched to the Shareholders in due course.

By Order of the Board

Liang Chengwang
Executive Chairman and Chief Executive Officer

31 March 2022

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*This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**"), in compliance with Rule 226(2)(b) of the*

*Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Mr Andrew Leo, Chief Executive Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.