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.zixinshuye.com
SGX Stock Code: **42W**

SECOND APPLICATION FOR EXTENSION OF TIME TO COMPLY WITH RULES 707(1) AND 711A OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST") LISTING MANUAL SECTION B: RULES OF CATALIST ("CATALIST RULES")

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1. INTRODUCTION

1.1 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 that the Company has, through its continuing sponsor Novus Corporate Finance Pte. Ltd. (the "**Sponsor**"), submitted an application on 31 October 2022 to the SGX-ST for an extension of time to comply with the requirements of Rules 707(1) and 711A of the Catalist Rules (the "**Second Application**").

1.2 The Company had previously, through its Sponsor, submitted a first application letter on 15 July 2022 in relation to the Company's application for extensions of time to issue its annual report and sustainability report for the financial year ended 31 March ("**FY**") 2022 by 15 November 2022 and to hold its annual generating meeting for FY2022 by 30 November 2022 (the "**First Application**"). The First Application was subsequently withdrawn at the Company's request on 29 July 2022 (the "**Withdrawal**"). Please refer to Section 2 below for the background of the First Application and the Withdrawal, as well as to the Company's announcements dated 15 July 2022 and 1 August 2022 for details of the First Application and the Company's reasons for the Withdrawal respectively.

1.3 The Second Application was submitted to the SGX-ST in respect of the Company's financial year ended 31 March 2022 ("**FY2022**"), to seek the following extensions of time to comply with the requirements of Catalist Rules 707(1) and 711A respectively:

(a) from 16 July 2022 to 16 March 2023 to issue the Company's annual report for FY2022 ("**FY2022 AR**");

(b) from 31 August 2022 to 16 March 2023 to issue the Company's sustainability report for FY2022 ("**FY2022 SR**") which will be contained in the FY2022 AR; and

(c) from 31 July 2022 to 31 March 2023 to hold the Company's annual general meeting ("**AGM**") for FY2022 ("**FY2022 AGM**"),

(collectively, (the "**Further Extensions**")).

2. BACKGROUND

2.1 <u>Events prior to and leading up to the First Application and the Withdrawal</u>

(a) RT LLP has been the independent auditors of the Company and its wholly-owned Singapore subsidiary Zixin International Pte. Ltd. ("**Zixin International**") since FY2018, 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. After the AGM which was held on 31 August 2021, the Company had, as part of its ongoing efforts to manage its business costs and expenses and for the purpose of ensuring overall good corporate governance, considered approaching other audit firms for proposals in relation to audit services and quotations. On or about the end of September 2021 onwards, the Company had approached other audit firms of similar standing to RT LLP to obtain their quotations.

(b) On 5 April 2022, the Company had announced its intention to, among others, (a) remove RT LLP as the independent auditors of the Company (the "**Proposed Removal of Auditor**") and (b) to appoint UHY Lee Seng Chan & Co as the independent auditors of the Company until the conclusion of the then-upcoming FY2022 AGM (the "**Proposed Appointment of Auditor**" and, together with the Proposed Removal of Auditor, the "**Proposed Change of Auditor**"). The Company had on the same day released the circular, notice of extraordinary general meeting ("**EGM**") and other relevant documents in relation to, among others, the Proposed Change of Auditor.

(c) On 18 April 2022, the Company published its responses to certain queries posed by the SGX-ST in relation to the Proposed Change of Auditor. Thereafter on 22 April 2022, the Company had announced that upon further deliberation and following consideration of feedback received from certain of the Company's stakeholders, the Board had decided not to proceed with the Proposed Change of Auditor (the "**Discontinuation**").

(d) Since the Discontinuation, the Company had continued to approach several other third-party audit firms for their proposals and quotations for the provision of audit services (the "**Request for Proposals**"). Based on the quotes obtained and indications of interest pursuant to the Request for Proposals, the Board had from the various proposals received shortlisted one firm (the "**Shortlisted Party**"). Having considered and assessed the suitability of the Shortlisted Party, the Board was of the view that (i) the Shortlisted Party was suitable and would be able to fulfil the audit requirements of the Group without compromising the standard and effectiveness of the audit of the Group, and (ii) it would be timely and appropriate to appoint the Shortlisted Party as the new independent auditors for FY2022 (the "**New Proposed Appointment**"), subject to the relevant approval of shareholders of the Company (the "**Shareholders**") at an EGM to be convened.

(e) On 15 July 2022, the Company had announced it had, through its Sponsor, submitted the First Application. Subsequently, the Company had carried out the Withdrawal on 29 July 2022 and announced the same on 1 August 2022 for the following reasons:

(i) According to a representative of the bank (the "**Local Bank**") which is servicing one of the Group's subsidiaries, Liancheng Dizhongbao Modern Agriculture Development Co., Ltd. ("**Dizhongbao**"), an individual had approached the Local Bank in connection with the affairs of Dizhongbao. However, as the individual was unable to prove to the satisfaction of the Local Bank that the individual was an authorised representative of Dizhongbao, the Local Bank reported the individual to the police and the individual was taken to the local police station for questioning. The Company further understands that this individual is a member of the Shortlisted Party's component audit service provider (the "**Incident**"); and

(ii) in light of the Incident, the Board was of the view that it was prudent not to proceed with the engagement of the Shortlisted Party and had accordingly withdrawn the First Application through its Sponsor.

2.2 Events after the Withdrawal

(a) Since the Withdrawal, the Company had approached several audit firms to request for quotations for audit services. However, the audit firms approached by the Company either were fully occupied with existing engagements or did not have sufficient available manpower to be engaged by the Company. As a result, the Company was unable to finalise a suitable audit firm to carry out the audit of the Company and the Group.

(b) In the meantime, the Company had continued to maintain communications with RT LLP and eventually discussed the possibility of RT LLP continuing to act as the auditors of the Company and the Group sometime in September 2022. Having conducted its assessment on the suitability and competence of RT LLP in consultation with the Company's Sponsor, the Company has since decided to continue to engage RT LLP as the auditors of the Company and the Group on the basis that:

(i) RT LLP has the available manpower, resources and experience to adequately carry out the audit of the Company and the Group;

(ii) RT LLP has indicated that it will directly audit the entire Group, including the Group's subsidiaries in China (the "**China Subsidiaries**"); and

(iii) RT LLP's proposed audit fees remain competitive in comparison to the other audit firms approached by the Company.

(c) Pursuant to further discussions between the Company and RT LLP to, among others, finalise the terms of engagement and the timeline for conducting the FY2022 audit of the Group (the "**FY2022 Audit**"), RT LLP had expressed its willingness to continue acting as the auditors of the Company and the Group, and the Company had on 19 October 2022 signed an engagement letter with RT LLP for its re-appointment as the auditors of the Company and the Group. Under the terms of this engagement letter, RT LLP will supervise and carry out the audit of the China Subsidiaries.

3. **RATIONALE FOR SEEKING THE FURTHER EXTENSIONS**

The rationale for seeking the Further Extensions is as follows:

(a) As a result of the Incident and the Withdrawal, additional time and effort had to be first expended to approach various potentially suitable audit firms and obtain their quotations for the Board's deliberation. However due to the nature of this audit engagement being on such short notice, as mentioned above, the audit firms approached by the Company either were fully occupied with existing engagements or did not have sufficient available manpower to be engaged by the Company. Consequently, the Company had to then expend further time and effort to (i) hold discussions with RT LLP about the possibility of continuing to act as the auditors of the Company and Group, (ii) to assess and be satisfied with the suitability and competence of RT LLP in consultation with the Sponsor, and (iii) to hold further discussions with RT LLP in relation to the timeline for the FY2022 Audit;

(b) As a result of the earlier Proposed Change of Auditor, the subsequent Discontinuation and the Withdrawal, the FY2022 Audit has not commenced. Consequently, RT LLP will only be able to commence the FY2022 Audit sometime around the end of October 2022;

(c) In the course of planning the timeline for the FY2022 Audit, the Company and RT LLP have considered, among others, (i) RT LLP's manpower resources to be allocated for the FY2022 Audit and (ii) the prevailing COVID-19 travel restrictions to and throughout the various provinces in China. As a result, the Company expects that more time would be required to complete the statutory audits of the China Subsidiaries;

(d) Based on its discussions with RT LLP and taking into consideration the aforementioned, the Company understands that RT LLP would require at least three (3) months to complete the FY2022 Audit, including the statutory audits of the China Subsidiaries, as well as for the first draft of the audit report for FY2022 (the "**Audit Report**") to be prepared and circulated to the Company and relevant parties for review. Additional time would also be needed to complete the administrative and procedural matters in relation to the preparation and issuance of the FY2022 AR (including the FY2022 SR), as well as to conduct the FY2022 AGM;

(e) The Company's sustainability disclosure has typically been included in its annual report in prior years, and the Company intends to follow the same timeline and work arrangements in terms of preparing the FY2022 SR. Given that (i) the Company's sustainability report traditionally makes reference to its annual report to allow shareholders a comprehensive review of the Company's activities in the past financial year, and (ii) certain information and data contained in the sustainability report, such as but not limited to the corporate governance and economic performance sections of the FY2022 SR, make reference to or are based on the corporate governance report which will be contained in the FY2022 AR and the audited financial statements for FY2022, the Company's sustainability report should be read together with the annual report. Consequently, the additional time required to issue the FY2022 AR as a result of the abovementioned would lead to additional time required for the Company to prepare and issue its FY2022 SR which will be contained within the FY2022 AR; and

(f) Based on the foregoing, the indicative timeline for the completion of key events leading to the FY2022 AGM is set out as below:

No.	Event	Timeline (Indicative)
1	Commencement of audit work for the Group's subsidiaries in Singapore ("**Singapore Subsidiaries**") by RT LLP	31 October 2022
2	Completion of the FY2022 Audit for Singapore Subsidiaries by RT LLP	Mid-November 2022
3	Commencement of audit work for China Subsidiaries by RT LLP	21 November 2022
4	Completion of audit work for China Subsidiaries by RT LLP	12 December 2022
5	Internal review of the FY2022 Audit by RT LLP	End of December 2022

No.	Event	Timeline (Indicative)
6	Review of consolidated accounts by RT LLP	Mid-January 2023
7	Circulation of first draft of the Audit Report	End of January 2023
8	Circulation of final draft of the Audit Report	End of February 2023
9	Preparation and internal circulation of draft FY2022 AR (including the FY2022 SR)	First Half of March 2023
10	Issuance of the finalised Audit Report	Mid-March 2023
11	Finalisation of FY2022 AR and FY2022 SR	Before 16 March 2023
12	Release of Notice of FY2022 AGM, proxy form and FY2022 AR (including the FY2022 SR)	On or before 16 March 2023
13	FY2022 AGM	On or before 31 March 2023

3.2 In light of the foregoing, the Further Extensions are sought to allow sufficient time (i) for RT LLP to complete the FY2022 Audit, so as to maintain the quality of the audited financial statements for FY2022 and the FY2022 AR (including the FY2022 SR), and (ii) for the Company to conduct the FY2022 AGM.

3.3 Having taken into consideration the aforementioned timeline, the Company has pre-allocated sufficient manpower and resources for the preparation of its upcoming financial results for the half year ended 30 September 2022 ("**1HFY2023**") as well as to assist with the FY2022 Audit. Accordingly, the Company is of the view that there will be no impact on the Company's release of the 1HFY2023 financial results. The 1HFY2023 financial results will be released on the SGXNET in accordance with the Catalist Rules no later than by 14 November 2022.

3.4 The Company shall also submit a concurrent application to the Accounting and Corporate Regulatory Authority ("**ACRA**") for approval of a further extension of time to convene its FY2022 AGM and file its annual return (the "**Further ACRA EOT Application**"). The Company will announce the outcome of the application on the SGXNET in due course.

4. CONCLUSION

The Company will announce the outcomes of the Second Application and the Further ACRA EOT Application in due course.

By Order of the Board

Liang Chengwang
Executive Chairman and Chief Executive Officer

31 October 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. ("**Sponsor**") in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**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 assume 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.