

# CHINA STAR FOOD GROUP LIMITED (FORMERLY KNOWN AS BROOKE ASIA LIMITED)

(Incorporated in the Republic of Singapore)

(Company Registration Number: 200718683N)

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## THE PROPOSED SHARE CONSOLIDATION OF EVERY FOUR (4) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AS AT A BOOKS CLOSURE DATE TO BE DETERMINED BY THE DIRECTORS, INTO ONE (1) ORDINARY SHARE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

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### 1. INTRODUCTION

The board of directors ("**Board**" or "**Directors**") of China Star Food Group Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Company proposes to undertake a share consolidation, pursuant to which every four (4) existing issued ordinary shares in the capital of the Company (the "**Shares**") held by the shareholders of the Company (the "**Shareholders**") as at a books closure date (the "**Books Closure Date**") to be determined by the Directors, shall be consolidated into one (1) ordinary share (the "**Consolidated Share**"), fractional entitlements to be disregarded (the "**Proposed Share Consolidation**").

*Capitalised terms not defined herein shall bear the same meanings ascribed to them in the Company's circular to shareholders of the Company dated 26 June 2015.*

### 2. THE PROPOSED SHARE CONSOLIDATION

#### 2.1 Overview

The Company proposes to undertake the Proposed Share Consolidation pursuant to which the Company will consolidate every four (4) existing Shares into one (1) Consolidated Share. Under the Proposed Share Consolidation, every four (4) existing Shares registered in the name of each Shareholder will be consolidated to constitute one (1) Consolidated Share. Each Consolidated Share will rank *pari passu* with each other, and will be traded in board lots of one hundred (100) Consolidated Shares.

**Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, based on their holdings of existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Proposed Share Consolidation shall be disregarded. Fractions of a Consolidated Share arising from the Proposed Share Consolidation will be aggregated or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the best interests of the Company including (i) disregarding such fractional entitlements; or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company. Affected Shareholders will not be paid for any fractions of a Consolidated Share which are disregarded.**

As at the date of this announcement, the Company has an issued and paid-up share capital of RMB787,532,697 (equivalent to approximately S\$173,982,701) comprising 924,636,000 Shares listed on the Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Following the implementation of the Proposed Share Consolidation and on the assumption that there will be no new Shares issued by the Company from the date of this announcement up to the Books Closure Date, the Company will have an issued and paid-up share capital of RMB787,532,697 (equivalent to approximately S\$173,982,701) comprising 231,159,000 Consolidated Shares (subject to rounding).

The Proposed Share Consolidation will have no impact on the issued and paid-up share capital of the Company. The Proposed Share Consolidation will also not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Group. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder, other than non-material changes due to rounding.

## **2.2 Rationale for the Proposed Share Consolidation**

The Company had completed the acquisition of the entire issued and paid-up share capital of China Star Food Holdings Pte. Ltd. pursuant to the sale and purchase agreement dated 5 November 2014 on 22 September 2015 (the "**Acquisition**"). Upon completion of the Acquisition, only approximately 5.8% of the issued share capital of the Company is held in the hands of the public Shareholders.

The Company is required to comply with Rule 1015(3)(a) read with Rule 406(1) of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**"), where at least 15.0% of the issued share capital of the Company must be held in the hands of at least 200 public shareholders. Accordingly, the trading of the Shares on the Catalist of the SGX-ST has been suspended since the completion of the Acquisition.

In order to, *inter alia*, meet the shareholding spread and distribution requirements under the Catalist Rules, the Company proposes to undertake a proposed placement of up to 101,000,000 Shares at a minimum placement price of no less than S\$0.20 per Share to satisfy the minimum distribution and shareholding spread requirements of the Catalist Rules (the "**Proposed Compliance Placement**"). However, due to prevailing market conditions, the Proposed Compliance Placement has not been carried out as at the date of this announcement.

Under Rule 429 of the Catalist Rules, the issue price of shares offered for subscription or sale for which a listing is sought, is required to be at least S\$0.20 each, which also applies to reverse takeovers based on a guidance note issued by SGX-ST on 1 February 2008. In order to provide flexibility in determining the issue price of the Proposed Compliance Placement and thereby facilitate the completion of the Proposed Compliance Placement, the Company proposes to consolidate every four (4) existing Shares into one (1) Consolidated Share. For illustrative purposes, based on the issue price of S\$0.20 for each Share pursuant to the Acquisition, the theoretical share price of each Consolidated Share will be S\$0.80.

**The suspension of the trading of the Shares on the Catalist SGX-ST will continue until such time as the requirements under Rule 406(1) of the Catalist Rules are met.**

The Company had on 15 October 2015 announced that the SGX-ST had granted an extension of the validity of the listing and quotation notice dated 6 July 2015 in relation to the Acquisition ("**Placement LQN**") for a period of two (2) months from 6 October 2015 till 5 December 2015. In view of the Proposed Share Consolidation, the Company will be applying for a further extension to the Placement LQN and will in due course announce the receipt of such extension, when issued by the SGX-ST. The Placement LQN is not to be taken as an indication of the merits of the Company, its subsidiaries, the Proposed Share Issuance Transactions, and the New Shares (as defined in the Company's announcement dated 15 October 2015).

**However, Shareholders should note that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.**

## **2.3 Approval and Conditions**

The Proposed Share Consolidation is subject to, *inter alia*,

- (a) the approval of Shareholders at an extraordinary general meeting of the Company to be convened to approve the Proposed Share Consolidation by way of an ordinary resolution; and
- (b) the approval of the SGX-ST for the Proposed Share Consolidation and the dealing in, listing of and quotation for the Consolidated Shares on the Catalist of the SGX-ST (the "**LQN**").

An application will be made to the SGX-ST for permission to deal in and for the listing of and quotation for the Consolidated Shares on the Catalist of the SGX-ST. An announcement will be made in due course upon receipt of the LQN from the SGX-ST.

A circular containing further information on the Proposed Share Consolidation will be despatched to Shareholders in due course.

### **3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors and substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Share Consolidation (other than through their respective shareholdings in the Company, if any).

### **4. CAUTION IN TRADING**

Shareholders are advised to exercise caution in dealing in their existing Shares and should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

### **5. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement contains full and true disclosure of all material facts about the Proposed Share Consolidation and the Group, and the Directors are not aware of any facts, the omission of which, would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

By Order of the Board

Liang Chengwang  
Executive Chairman and Chief Executive Officer  
18 November 2015

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.*