Leading the Healthy Lifestyle

Annual Report 2016

CHINA STAR FOOD GROUP LIMITED
中国之星

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

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

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.

Leading the Healthy Lifestyle

China Star Food Group Limited
(formerly known as Brooke Asia Limited)
Annual Report 2016

Contents

Corporate Profile

China Star Food Group Limited ("CSFG") and its subsidiaries (the "Group"), is one of the leading manufacturers of healthy snack food in People's Republic of China ("PRC"). The Group is primarily engaged in the production and sale of sweet potato snack food products in the PRC, produced from purple and orange-fleshed sweet potatoes.

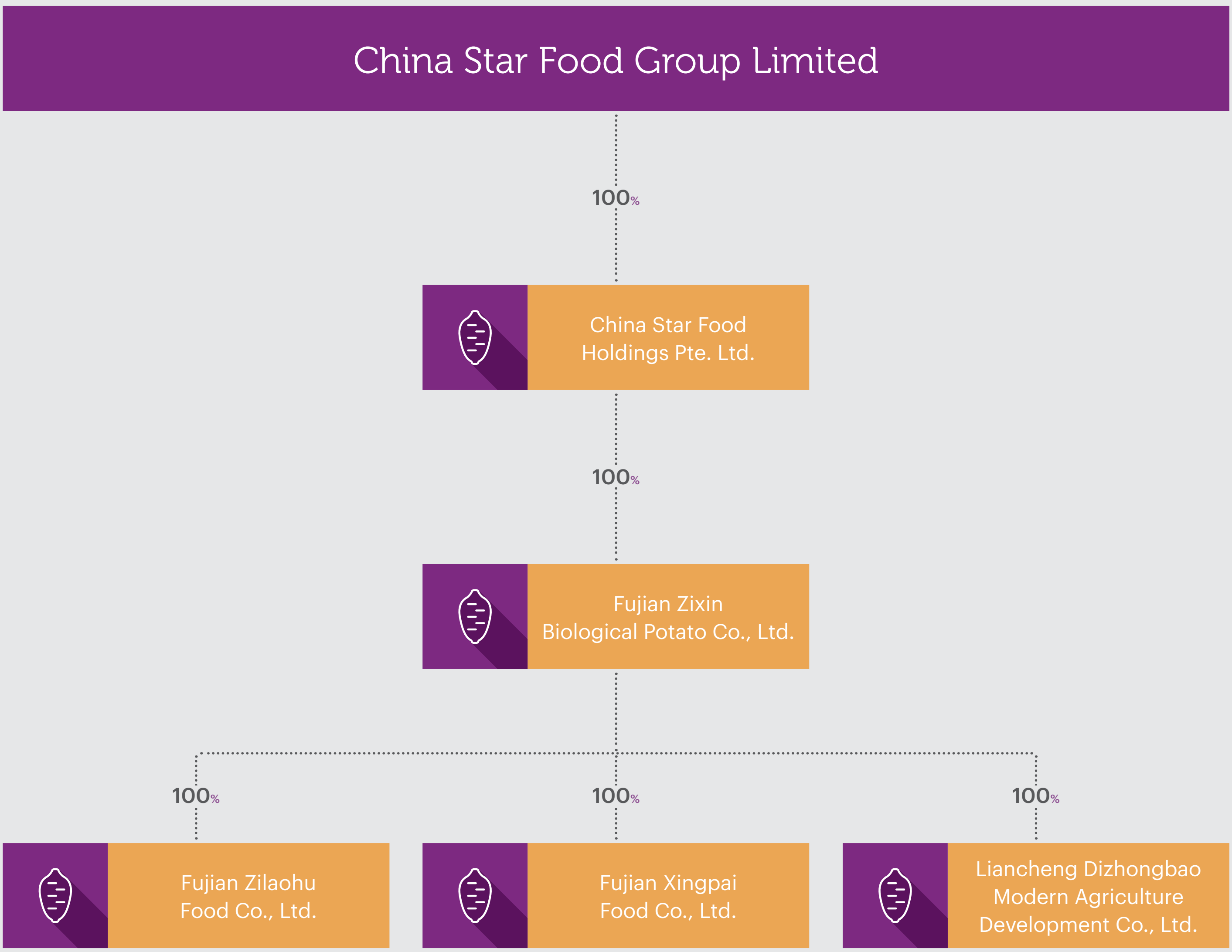
The principal business operations of the Group are located in Liancheng county of Fujian province and its sweet potato snack food products are sold mainly through more than 300 distributors and wholesalers who, in turn, distribute the sweet potato snack food products through e-commerce portals and to supermarkets, petrol kiosks, convenience stores and specialty stores throughout the PRC.

The Group operates three production facilities located in Liancheng county, with the third production facility due to start production after completion of the local government's centralized waste water treatment facilities by end of 2016. Occupying 13,910 sqm plot of land in the Food Processing Zone of Liancheng Industrial Park, the new factory will add another approximately 30,000 tonnes of production capacity to the Group, which will bring up the annual total production capacity to approximately 58,800 tonnes.

CSFG was listed on the Catalist board of Singapore Exchange via a reverse takeover of Brooke Asia Limited on 22 September 2015.


紫心薯业 连城决环球功夫系列赛
暨格斗女神第一季总决赛

Corporate Structure

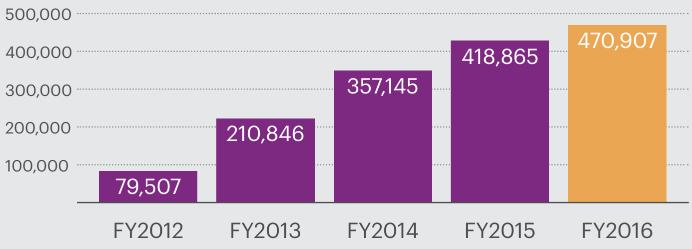


Key Financial Highlights

Financial Year End 31 March 2016

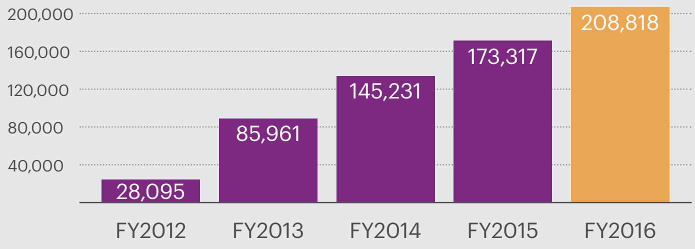
Revenue (RMB '000)

RMB470.9 million



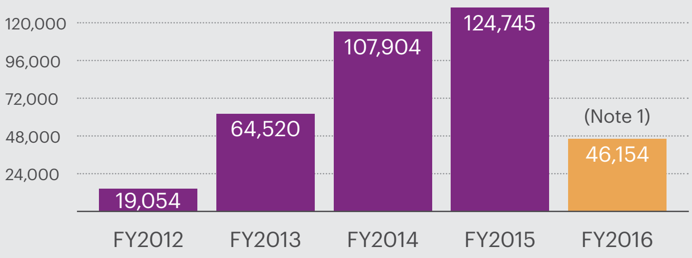
Gross Profit (RMB '000)

RMB208.8 million



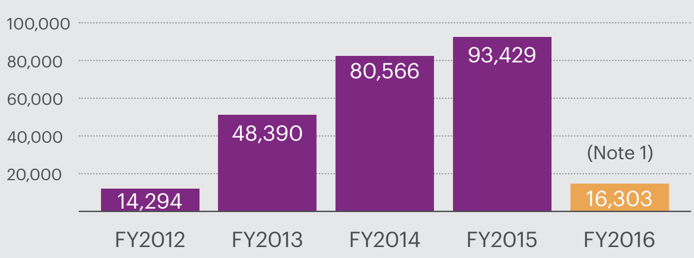
Profit Before Tax (RMB '000)

RMB46.1 million



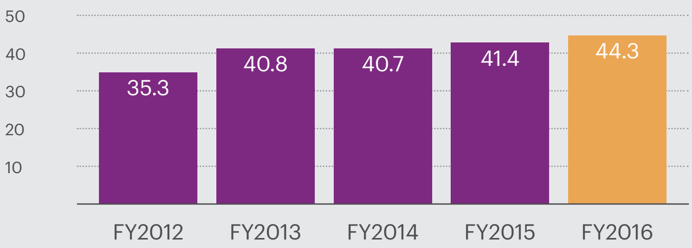
Profit After Tax (RMB '000)

RMB16.3 million



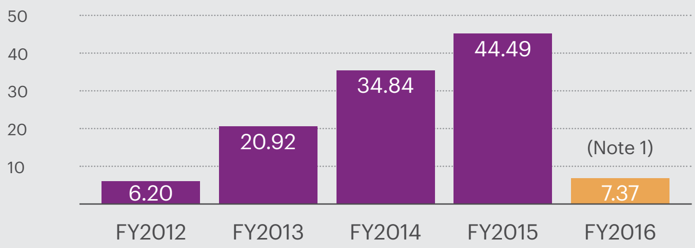
Gross Profit Margin (%)

44.3%



Earnings Per Share (RMB Cents)

RMB7.37 cents



Note 1: Lower Profit Before Tax, Profit After Tax and Earnings Per Share in FY2016 was due to one-off RTO expenses and impairment of goodwill.


紫薯曲酥
Sweet Potato
图片仅供参考
计量方式：散装称重

Leading the Healthy Diet

As people are becoming more health conscious, we play a part in helping them achieve their desired healthy lifestyle. Our sweet potato snacks are rich in nutrients, which allow guilt-free snacking. Hence, we are able to lead the healthy choices in snack food among the modern consumers.

Chairman's Statement

"The financial year ended 31 March 2016 ("FY2016") ushered in a new milestone for China Star Food Group Limited (the "Company'') as it was listed on Catalist of Singapore Exchange on 22 September 2015 via a reverse takeover of Brooke Asia Limited."

New Star from Liancheng

Established since 2009, the Company and its subsidiaries (the "Group'') are engaged in the production and sale of sweet potato snack food products processed from purple and orange-fleshed sweet potatoes across the People's Republic of China ("PRC").

Based in Liancheng county of Fujian province, the Group sells its sweet potato snack food products to more than 300 distributors and wholesalers, who, in turn, distribute the sweet potato snack food products, through e-commerce portals, supermarkets, petrol kiosks, convenience stores and specialty stores throughout the PRC.

Anchored on sweet potato as our core ingredient, we are propelled by the mission of spearheading the culture of healthy living through embracing healthy diet and quality lifestyle.

Backed by a listing in Singapore, we have taken the first step of realising our ambitions to expand internationally. We have chosen to list in Singapore because of its excellent reputation as an international finance centre with attractive infrastructure for fund raising and an international investor base.

Our Competitive Edge

As a leading producer in innovative health snack foods, we are well-positioned for strong growth propelled by a holistic brand strategy. With nutrients rich in complex carbohydrates, dietary fibre, beta-carotene, vitamins A, B6 and C, our sweet potato snack food products offer a healthy alternative to current range of poly-saturated snack food products available in the PRC. Driven by an increasingly health-conscious consumer base, we are well-positioned to harness the exponential growth rate for annual sales expected in China.

Under six broad product categories, sweet potato features as the main ingredient for a range of innovative and nutritious snacks in attractively–designed packaging which cater for all age groups. We have successfully built a series of proprietary product brands, such as "Starpie" (星派), "Ledi" (乐地/乐第), "Delijia" (德丽佳) and "Zilaohu" (紫老虎). "Zilaohu" and "Starpie" were recognised as a "Famous Trademark of Fujian Province" in 2013 and 2015 respectively.

We aim to constantly develop new sweet potato snack food products to suit the ever-changing tastes of modern consumers by continuously investing in research and development of new products. Our effort has successfully reaped in higher revenue growth in FY2016.

As part of our innovative product roadmap, we also collaborate with major research institutions in China to research and implement advanced technologies in our production process and product design.

Robust Financial Performance

The Group achieved RMB470.9 million in revenue, a 12.4% increase in revenue for FY2016, as compared to RMB418.9 million for the financial year ended 31 March 2015 ("FY2015").

Gross profit increased by 20.5% from RMB173.3 million in FY2015 to RMB208.8 million in FY2016. This was largely attributable to 1) the increase in sales in four product categories which commanded higher profit margin; and 2) introduction of new products and revamped product packaging to cater to premium customer segments, which attained higher profit margins. Gross profit margin came in at 44.3% in FY2016, as compared to 41.4% in FY2015.

Net profit decreased to RMB16.3 million in FY2016 as compared to RMB93.4 million in FY2015 because of one-off reverse takeover expenses and impairment of goodwill; higher research and development expenses for new products to generate future sales; and higher marketing and distribution costs for advertisement, publicity and sales and promotional activities. Increase in research and development expenses and marketing and distribution costs were made in line with the Group's long term expansion strategy.

The Group's financial position remains strong. As at 31 March 2016, the Group held net assets of RMB317.1 million, translating into a net asset value per share of 137.17 RMB cents, up from 91.9 RMB cents as at 31 March 2015. Cash and cash equivalents increased to RMB184.1 million as at 31 March 2016, from RMB121.2 million as at 31 March 2015.

Innovate To Lead

We are geared up for the expansion plans in the next few years. During our first year as a listed company, we aim to chart our long term expansion road map by ramping up our production capacity, investing in our marketing strategy to enhance our brand awareness, and increasing research and development investments for new product development.

In terms of production capacity, the full production in the new factory will commence only after completion of the centralised waste water treatment facilities by the local government. Occupying 13,910 sqm plot of land in the Food Processing Zone of Liancheng Industrial Park, the new factory will add another approximately 30,000 tonnes of production capacity to the Group.

Chairman's Statement

In FY2016, we have invested considerable efforts in advertising, exhibition, publicity and promotional campaigns in our drive to build our brand awareness. Our first sponsorship of the Liancheng Boxing Competition 2016 had yielded good reach and brand awareness in our target cities.

We have also embarked upon a new phase of our research and development strategy by partnering with Longyan Agricultural Science Research Institution and Jiangnan University to focus on new product development (such as frozen sweet potato product range) and the improvement of the texture of existing products.

We hope to establish our own chain of retail stores across the PRC to further promote our branding and expand our distribution network. We also aim to expand customer base and geographical coverage by exporting to overseas markets. Overseas expansion is aligned with our vision of building a leading global brand for sweet potato snack food products.

We have increasingly procured quality sweet potato raw materials through cooperation with national level agriculture cooperatives which use improved varieties of sweet potato slips innovated by the Group, as compared to those purchased from individual farmers.

Note of Appreciation

On behalf of the Board, I would like to express my deepest appreciation to all stakeholders who have been instrumental in the Company's success in its listing in Singapore – our customers, business associates, management team, staff and shareholders.

I am grateful for the loyal support of our customers and business associates through all these years as well as the unwavering commitment of our management team and staff who are pivotal to our success. Our relationships with these stakeholders will nurture greater sustainability in our business operations as well as the communities we operate in.

We will grow from strength to strength in building our market leadership in our core business and nurturing new growth opportunities in China and beyond.

Last but not least, I like to thank the Board of Directors for their invaluable guidance. Together, we can drive innovation to scale new heights for the Company and all our stakeholders.

Liang Chengwang
Executive Chairman &
Chief Executive Officer

执行董事长致词

“以创新引领“健康薯生活””

对于中国之星食品集团有限公司（简称“公司”）而言，截至2016年3月31日的财政年度（简称“2016财年”）堪称新的丰碑与起点，因为就在这一年，公司通过反向收购 Brooke Asia Limited 而于2015年9月22日在新加坡股票交易所的凯利板成功上市。

连城新星

自2009年成立以来，公司及其子公司（以下简称为“集团”）一直以紫心和黄心甘薯为原料，在中华人民共和国（“中国”）境内从事甘薯休闲食品的生产和销售业务。

本集团以福建省连城县为基地，面向300多家经销商和批发商销售甘薯休闲食品，再由后者通过电子商务网站、超市、加油站、便利店和专卖店等在全国各地进行分销。

我们坚持以营养丰富的甘薯作为集团休闲食品系列产品的核心配料，以弘扬健康生活文化为己任，推广“薯生活，薯文化”健康饮食与高品质生活方式。

本公司立志实现国际化扩张这一宏图伟业，而在新加坡上市就是我们奔向这个目标的第一步。新加坡作为国际金融中心，以极富吸引力的资金募集条件和国际投资基金聚集的基地赢得良好声誉，而这正是我们何以选择在新加坡上市的理由。

竞争优势

作为一流的创新型健康休闲食品生产企业，我们以全局化品牌战略为动力，拥有充分的强劲增长实力。我们的甘薯休闲食品富含复合糖、膳食纤维、ß-胡萝卜素、维生素A、B6、C等营养成分，是国内当前众多聚饱和脂肪酸休闲食品的健康替代品。随着消费群体健康意识的日渐提高，预计国内年销量将以几何级数增长，届时我们将有充分实力迎接这一增长所带来的契机。

本集团以甘薯作为主要配料，生产出营养丰富、新颖独特的六大系列休闲食品，并以赏心悦目的包装，满足各年龄群体的需要。目前已成功建立星派、乐地/乐第、德丽佳和紫老虎等一系列专有产品品牌，其中紫老虎和星派分别于2013年和2015年被评为福建省著名商标。

针对当代消费者不断变化的口味，集团持续进行新产品研发投入，不断开发新系列新口味的甘薯休闲食品。一分耕耘一分收获，我们已在2016财年中成功实现营收增长。

此外，我们还精益求精，遵循产品创新蓝图，与国内大型科研机构合作研究先进技术，并在自身的生产工艺和产品设计中加以实施。

稳健的财务业绩

2016财年本集团营收达人民币4.709亿元，与截至2015年3月31日财年（简称“2015财年”）的4.189亿元相比增长12.4%。

2016财年毛利润为人民币2.088亿元，与2015财年的1.733亿元相比增长了20.5%。能够取得如此佳绩，主要归因于：1)四类利润率较高的产品的销产有所增长；以及2)通过引入新产品并改进产品包装来满足优质客户群体的需要，推动利润率提高。与2015财年41.4%的毛利率相比，2016财年的毛利率达到44.3%。

由于一次性的反向收购费用以及商誉勾销，再加上为促进未来销售而加大了新产品研发的费用投入，同时提高了广告、宣传与销售和促销活动中的市场推广与经销成本，致使2016财年净利润与2015财年的人民币9,340万元相比降至人民币1,630万元。研发费用的增加以及市场推广和经销成本的增加，均有助于实施本集团的长期扩张策略。

本集团的财务状况保持强稳。截至2016年3月31日，本集团持有净资产为人民币3.171亿元，每股资产净值从2015年3月31日的人民币0.919元增至1.3717元。截至2016年3月31日，现金和现金等价物从2015年3月31日的人民币1.212亿元增至1.841亿元。

以创新引领产业前进

本集团为今后几年的扩张计划做好了充足的准备。上市后第一年的目标是制定长期扩张蓝图，通过扩大产能、实施提高品牌知名度的市场推广战略，以及加大新产品的研发投入等方式，实现长期扩张目标。

执行董事长致词

在产能建设方面，我们的第三新厂房会在地方政府的污水集中处理设施完工后全面投产。该厂位于连城工业园区食品加工区，占地13910平方米，将立即为本集团新增产能3万吨左右。

2016财年，集团通过大力开展广告、展览、宣传和促销活动，努力提高品牌知名度。我们通过首次赞助紫色薯业连城决环球功夫系列赛暨格斗女神第一季总决赛，扩大了本集团在目标城市的影响力及品牌知名度。

此外，本集团的研发战略也进入新的阶段，通过与龙岩市农业科学研究所及江南大学合作，专注于新产品的开发（例如冷冻地瓜产品系列）以及现有产品质地的改善。

我们计划在全国建立自有的专卖连锁零售体系，以进一步提升品牌形象并扩大经销网络。同时向海外市场出口，扩大客户群并扩展地理覆盖范围。本集团的愿景，是打造全球首屈一指的甘薯休闲食品品牌，而海外扩张是实现这一愿景的首要策略。

本集团致力于研创各种改良型甘薯秧种并于国家级农业合作社中进行培植，进而逐渐加大对其收购优质甘薯原料的力度，从而提升目前与农民个体户收购甘薯原料的素质。

鸣谢

在公司于新加坡成功上市期间，广大客户、同行、管理团队、员工以及股东做出了巨大的贡献。对此我谨代表董事会全体同仁表示最诚挚的谢意。

多年以来，我们得到了广大客户及同行的忠实支持，而管理团队及员工的不懈奉献也对我们的成功起到关键作用，对此我谨致以深深的敬意。凭借与所有各界专业人士的紧密联系与合作，我们能够进一步促进自身业务经营以及所处社区的可持续发展能力。

我们将再接再厉，在核心业务领域建立市场领导地位，并在中国及其他市场培育新的成长机会。

最后，我对董事会给予的宝贵指导表示衷心感谢。我们将众志汇集，大力创新，为公司和股东再创辉煌。

梁承旺
执行董事长兼
首席执行总裁

Board of Directors

Liang Chengwang

Executive Chairman and Chief Executive Officer

Date of first appointment as a director:
22 September 2015

Date of last re-appointment as a director:
Not applicable

Present Directorship:
Other Listed Companies
Nil

Other Principal Commitments
Nil

Past Directorships in listed companies held over the preceding three years:
Nil

Aged 38, Mr Liang Chengwang is responsible for formulating and implementing the development strategy and annual business plans of the Group. He also supervises major financing plans and the appointment of key executives. Mr Liang was a founder of Fujian Zixin Biological Potato Co., Ltd. and had previously been engaged in the sweet potato food products business as a general manager of Liancheng Tianhe Food Factory.

Mr Liang completed his education with the Open University of Fujian in 1998 with a Bachelor of Accounting and Finance and attended the Peking University Strategic Private Equity Investment and Capital Operation Seminar for Chairmen at the Peking University School of Electronics Engineering and Computer Science, Executive Education Center in December 2014.

Huang Lu

Non-Executive Director

Date of first appointment as a director:
22 September 2015

Date of last re-appointment as a director:
Not applicable

Present Directorship:
Other Listed Companies
Nil

Other Principal Commitments
Sino Renewal Energy Investment Pte. Ltd.
(Director)

Past Directorships in listed companies held over the preceding three years:
Nil

Aged 28, Ms Huang Lu assists the Group primarily with investor relations and financing matters. Ms Huang Lu is a Director of Sino Renewal Energy Investment Pte. Ltd., a company engaged in investing in shares listed in Singapore and Hong Kong.

Ms Huang graduated from the North China Electric Power University as a Bachelor of Management (Accounting) in 2010.

Board of Directors

Koh Eng Kheng Victor
Lead Independent Director

Date of first appointment as a director:
22 September 2015

Date of last re-appointment as a director:
Not applicable

Present Directorship:
Other Listed Companies
Nil

Other Principal Commitments
Nil

Past Directorships in listed companies held over the preceding three years:
Nil

Aged 55, Mr Koh Eng Kheng Victor has over 25 years of experience with Asia ex-Japan equity markets, mainly in the area of portfolio management. His longest term of employment service was 18 years with AIG Global Investment Corporation (Singapore) Ltd. (subsequently renamed PineBridge Investments Singapore Limited) where he served as managing director of Asia ex-Japan equities and subsequently as chairman and chief executive officer of the company. After leaving PineBridge Investments Singapore Limited in 2012, he spent a short stint at Aglaia Investment Management Pte Ltd as a managing director of fund management.

Mr Koh graduated from the National University of Singapore in 1986 with a Bachelor of Business Administration (Honours). He was awarded the designation of Chartered Financial Analyst in 1992, and is a member of CFA Society Singapore.

Loh Wei Ping
Independent Director

Date of first appointment as a director:
22 September 2015

Date of last re-appointment as a director:
Not applicable

Present Directorship:
Other Listed Companies
Nil

Other Principal Commitments
Sanctuary Memorial Park Berhad
(Chairman and Director)

Past Directorships in listed companies held over the preceding three years:
China Environment Ltd
(Independent Director)

Aged 46, Mr Loh Wei Ping is currently the chairman of Sanctuary Memorial Park Berhad, a company engaged in the memorial park business in Malaysia, where he is involved in all strategic matters of the company. From 2007 to 2014, Mr Loh was the chief financial officer of Asia Pacific of Grey Group where he was in charge of the Asia Pacific finance functions. Between 2006 and 2007, he was with Discovery Asia Inc. (Singapore) as the Vice-President – Finance, Asia. From 2005 to 2006, he was the chief financial officer of Asia for Young & Rubicam/Wunderman (Singapore).

Mr Loh graduated from Monash University in Australia with a Bachelor of Economics (Honours), and has been a Certified Public Accountant, Australia since February 1996.

Lim Teck Chai, Danny
Independent Director

Date of first appointment as a director:
22 September 2015

Date of last re-appointment as a director:
Not applicable

Present Directorship:
Other Listed Companies

Tee Land Limited
(Independent Director)

UG Healthcare Corporation Limited
(Independent Director)

Other Principal Commitments

Rajah & Tann Singapore LLP
(Partner)

Past Directorships in listed companies held over the preceding three years:
Nil

Aged 43, Mr Lim Teck Chai, Danny is currently an equity partner at Rajah & Tann Singapore LLP. He joined Rajah & Tann Singapore LLP in 1998 and has since been practising and advising on all aspects of corporate legal advisory and transactional work, both locally and regionally. He has a wide range of experience in acquisitions, investments, takeovers, initial public offerings and restructurings, amongst others, and his clients include multi-national corporations, small medium enterprises, private equity and institutional investors, Singapore and foreign listed companies, financial institutions and others.

Mr Lim graduated with a Bachelor of Law (Honours) degree from the National University of Singapore in 1998 and a Master of Science (Applied Finance) degree from Nanyang Technological University in 2006. He has been admitted as an advocate and solicitor of the Supreme Court of Singapore since 1999. He is also a member of the Law Society of Singapore and the Singapore Academy of Law.

Key Management

Chan Siew Kit

Chief FInancial Officer

Chan Siew Kit is the Chief Financial Officer of the Group. His responsibilities include supervision of the Group's financial reporting, management of the finance team, compliance with listing and regulatory requirements, and review of internal controls.

Mr Chan possesses more than 10 years of accounting experience. He started his career as an audit associate in Malaysia since 2004. He furthered his career development in Singapore by joining Baker Tilly TFW LLP in 2006, and he was subsequently promoted to the position of audit supervisor.

In 2010, Mr Chan joined China Environment Ltd, which was listed on the Mainboard of the SGX-ST, as group finance manager. Subsequently, he joined China Star Food Holdings Pte Ltd as the Chief Financial Officer in June 2014 to manage the reverse takeover exercise. He then joined the Group as Chief Financial Officer in September 2015 upon completion of the reverse takeover exercise.

Mr Chan graduated with a Diploma in Business Studies (Accounting) and an Advanced Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College, Kuala Lumpur, Malaysia in 2004. In 2010, he became a member of the Association of Chartered Certified Accountants.

Chen Xiyun

Human Resources Director

Chen Xiyun is the Human Resources Director of the Group. He is responsible for developing and implementing the Group's long-term human resources plans and supervising the human resources departments of the Group.

Mr Chen has more than 12 years of experience in dealing with human resources. In 2002, Chen Xiyun joined Dongguan Baojian Electronics Co., Ltd as a human resources section leader and document controller. In 2005, he joined Pioneer Technologies (Dongguan) Co., Ltd as the senior human resources director. In 2011, he joined ANTA Sports Products Limited, a company listed on the Hong Kong Stock Exchange, as a senior manager in human resources. In 2013, he joined Artgo Mining Holdings Limited, a company listed on the Hong Kong Stock Exchange, as the human resources director. In April 2014, he joined Fujian Zixin Biological Potato Co., Ltd., one of the Group's subsidiaries as the human resources director.

Mr Chen graduated as a secretarial specialist from Luoyang University in 2000, followed by a Bachelor of Chinese Language and Literature from Henan University in 2001. He also obtained a Postgraduate Diploma in Management as well as a Master of Business Administration from the Hong Kong Business Academy in 2014. He is a registered international human resources professional with the International Human Resource Management Association since 2005.

Xu Jianping

Vice General Manager (Sales)

Xu Jianping is the vice general manager (sales) of the Group. His responsibilities include the planning of sales policies and strategy, managing and allocating department targets for the sales department, and training of the sales department. He was previously employed as a manager in Fujian Beiqi Beverages Co., Ltd in 2005. In 2009, he joined Xiamen Rongjiahua Paper Co., Ltd as the regional manager.

Prior to joining the Group, he was the general manager of Jinjiang Quanwang Paper Company from August 2012 to May 2014. In May 2014, he joined Fujian Zixin Biological Potato Co., Ltd., one of the Group's subsidiaries as the vice general manager (Sales).

Mr Xu graduated with a Bachelor of Business Administration from Fujian Radio and Television University in 2002.

Our Success in Listing on Catalist

The Company made its debut on the Catalist board of Singapore Exchange on 20 April 2016 subsequent to a reverse takeover of Brooke Asia Limited.

Graced by Mr Mohamed Nasser Ismail, Head of SME Development & Listings, SGX, the listing ceremony was well-attended by the Company's management, representatives from the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., and esteemed business partners.

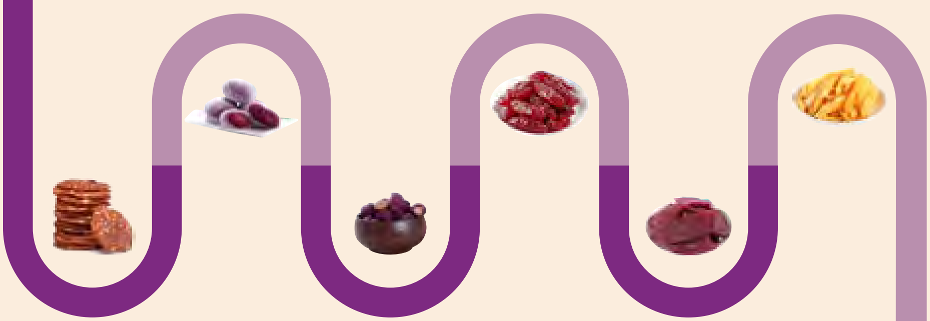
Top Photo
Striking the gong of success (From left) Mr Lim Teck Chai Danny, Mr Mohamed Nasser Ismail, Ms Huang Lu, Mr Liang Chengwang, Mr Gerald Ong, Mr Loh Wei Ping, Mr Chan Siew Kit

Bottom Photo
Celebrating the debut listing of China Star Food Group Limited on the Catalist board of the Singapore Exchange

Leading Through
Innovative Production Capabilities

To cater to the ever-changing palates of modern consumers, we are consistently improving our production processes and developing new varieties to expand our current range of products. With strong production capabilities, we continue to be the leading producer of healthy snacks, driving a sustainable revenue growth.

Our Range of Products



01
Sweet Potato Baked Goods
(甘薯烘焙食品)

02
Sweet Potato Pastries
(甘薯糕点食品)

03
Roasted Sweet Potato Nuts
(甘薯果仁食品)

04
Sweet Potato Candies
(甘薯糖果食品)

05
Sweet Potato Preserved Foods
(甘薯蜜饯食品)

06
Sweet Potato Crisps
(甘薯果酥食品)

Business and Financial Review

“China Star Food Group Limited recorded a 12.4% increase in revenue to RMB470.9 million for the financial year ended 31 March 2016.”

Total Revenue

RMB470.9 million

+ 12.4%

Gross Profit

RMB208.8 million

+ 20.5%

China Star Food Group Limited (the “Company” together with its subsidiaries, the “Group”) (中国之星食品集团有限公司) recorded a 12.4% increase in revenue to RMB470.9 million for the financial year ended 31 March 2016 (“FY2016”), as compared to RMB418.9 million for the financial year ended 31 March 2015 (“FY2015”).

The increase in revenue from higher sales of candies, baked goods, preserved foods and crisps, which was partially offset by a decrease in sales of pastries and roasted sweet potato nuts, was a result of new products launched and revamped product packaging on certain product categories. The overall increase in revenue was also attributable to the increased advertising and sales promotional activities in FY2016.

Of the six product categories, candies was the highest revenue contributor at 31.6%, followed by baked goods (28.0%), pastries (13.4%), preserved foods (10.3%), roasted sweet potato nuts (8.7%), and crisps (8.0%).

Gross profit increased by 20.5% from RMB173.3 million in FY2015 to RMB208.8 million in FY2016. This was largely attributable to higher level of sales in the product categories which commanded higher profit margins. Gross profit margin improved by 2.9 percentage points at 44.3% in FY2016, as compared to 41.4% in FY2015.

Net profit decreased to RMB16.3 million in FY2016 as compared to RMB93.4 million in FY2015 mainly due to the one-off reverse takeover (“RTO”) expenses and impairment of goodwill; higher research and development expenses for new products to generate future sales; and higher marketing and distribution costs for advertisement, publicity and sales and promotional activities. Increase in research and development expenses and marketing and distribution costs were made in line with the Group’s long term expansion strategy.

Excluding one-off RTO expenses and impairment of goodwill, net profit would have been RMB86.9 million in FY2016, only a decrease of RMB6.6 million or 7.0% from FY2015, notwithstanding significant increase in research and development expenses and marketing and distribution costs in FY2016.

Financial Position

The Group's financial position remains strong. As at 31 March 2016, the Group held net assets of RMB317.1 million, translating into a net asset value per share of 137.17 RMB cents, up from 91.9 RMB cents as at 31 March 2015.

Total assets comprised non-current assets of RMB155.8 million and current assets of RMB232.4 million as at 31 March 2016.

Non-current assets increased to RMB155.8 million as at 31 March 2016, from RMB154.8 million as at 31 March 2015. This was mainly due to:

- Increase in property, plant and equipment of RMB12.0 million mainly arose from the construction work-in-progress for the new factory and office building in Liancheng county, People's Republic of China ("PRC"), which was partially offset by the depreciation and written-off of property, plant and equipment.

- Increase in intangible assets by RMB37.1 million mainly due to (i) the recognition of intangible assets as a result of the agreed purchase discount given by a supplier to the Group arising from the transfer of leased farmland to this supplier amounting to RMB12.8 million; and (ii) the acquisition of land use rights amounting to RMB27.4 million. This increase was partially offset by the amortisation of these intangible assets.

- Other receivables (non-current) of RMB15.9 million which relate to the receivables from the transfer of leased farmland.

Business and Financial Review

Current assets increased to RMB232.4 million as at 31 March 2016 from RMB148.1 million as at 31 March 2015 due to the following key contributing factors:

- Inventories increased by RMB1.0 million mainly due to bulk purchase of packaging materials at preferential discount in FY2016.
- Trade and other receivables increased by RMB14.7 million due to (i) an increase in trade receivables of RMB5.8 million as a result of extended credit terms given to our major customers with effect from January 2016 to remain competitive within the industry; and (ii) increase in other receivables of RMB8.8 million mainly arising from the transfer of leased farmland of RMB4.0 million and advance payment for purchase of production equipments amounting to RMB4.8 million.
- Other assets (current) increased by RMB5.7 million due to increase in prepaid expenses for advertisement costs, publicity expenses and pest prevention costs.
- Cash and cash equivalents increased to RMB184.1 million as at 31 March 2016, from RMB121.2 million as at 31 March 2015.

Total liabilities comprised non-current liability of RMB362,000 and current liabilities of RMB70.7 million as at 31 March 2016.

Non-current liability comprised deferred tax liability relating to withholding tax on current period distributable earnings of one of the PRC subsidiaries. Dividends declared by a PRC subsidiary to its foreign investors are subject to withholding tax in the PRC.

Current liabilities decreased to RMB70.7 million as at 31 March 2016 from RMB90.4 million as at 31 March 2015. This was mainly due to:

- Income tax payable decreased by RMB3.4 million as at 31 March 2016 mainly due to lower profit from operation when compared to the previous corresponding period.
- Trade and other payables decreased to RMB49.0 million as at 31 March 2016 from RMB49.8 million as at 31 March 2015 mainly due to the repayment of RMB15.0 million due to a director for the acquisition of a subsidiary in the previous reporting year.
- Other financial liabilities decreased by RMB14.3 million. This was mainly due to capitalisation of loan due to a director in FY2016.
- Other liabilities decreased by RMB1.2 million mainly due to decrease in advances for sales orders placed by the customers.

Cash Flow

Net cash flows from operating activities decreased to RMB82.8 million in FY2016 as compared to RMB151.7 million in FY2015 mainly due to lower profit recorded in FY2016.

Net cash used in investing activities was RMB28.9 million in FY2016 as compared to RMB101.1 million in FY2015 mainly due to purchase of property, plant and equipment (including increase in construction-in-progress) of RMB18.2 million and repayment of RMB15.0 million due to a director for the acquisition of a subsidiary in the previous reporting year. This was partially offset by the refund of payment for land use rights of RMB4.1 million in FY2016.

Net cash from financing activities was RMB9.0 million in FY2016 as compared to RMB6.4 million in FY2015 mainly attributable to the receipts of proceeds from convertible loan in FY2016.

> Current assets increased to RMB232.4 million as at 31 March 2016 from RMB148.1 million as at 31 March 2015.

Operations Review

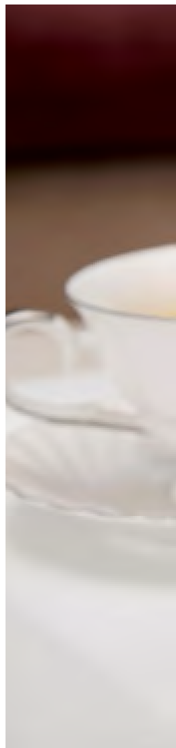
During FY2016, the Group continued to increase brand awareness and expand sales channels as part of its marketing strategy to increase sales of sweet potato snack food products under its in-house brands including "Starpie" (星派), "Ledi" (乐地/ 乐第), "Delijia" (德丽佳) and "Zilaohu" (紫老虎), and private labels.

The Group's products are currently sold to more than 300 distributors and wholesalers who, in turn, distribute via e-commerce portals and traditional channels such as supermarkets, petrol kiosks, convenience stores and specialty stores throughout the PRC.

The Group is optimistic of the outlook for the sweet potato snack food industry in the PRC. Going forward, the Group is also looking to venturing overseas.

To cater for the projected sales increase, the Group is expanding its production facilities. Currently, the Group has two production facilities with a total capacity of approximately 28,800 tonnes. The factories are located in Liancheng county of Fujian Province in the PRC, near the farms where the Company procures purple and orange-fleshed sweet potatoes.

Business and Financial Review



“The Group is optimistic of the outlook for the sweet potato snack food industry in the PRC. Going forward, the Group is also looking to venturing overseas.”

The Group’s third factory in Liancheng is expected to commence full production only after completion of the centralised waste water treatment facilities by the local government. The construction of the centralised waste water treatment facilities is still undergoing as at to-date. Occupying 13,910 sqm plot of land in the Food Processing Zone of Liancheng Industrial Park, the new factory will add another approximately 30,000 tonnes of production capacity to the Group.

At the same time, the Group continues to invest in research and development to innovate and create new products to suit the tastes and preferences of modern consumers. Besides product development, the Group is dedicated to researching and implementing advanced technologies in its production processes and product design, including collaborations with research institutions.

Currently, we have partnered with Longyan Agricultural Science Research Institution and Jiangnan University to focus on new product development (such as frozen sweet potato product range) and the improvement of the texture of existing products.


星派
Starpie


Sweet potato


新品发
大休
中轻食品工业管理中心
中国饮料工业协会

Leading Towards
A Winning Lifestyle

By constantly improving our existing range of products, we can continually offer a wide variety of healthier snack food to the growing number of health-conscious consumers. Our innovative capabilities have won many outstanding awards that mark our steady progress towards our vision of being a leading global brand.

Quality Product Range

Under six broad product categories, sweet potato features as the main ingredient for a range of innovative and nutritious snacks in attractively –designed packagings which cater for all age groups. Through building a series of proprietary product brands, such as "Starpie" (星派), "Ledi" (乐地), "Delijia" (德丽佳) and "Zilaohu" (紫老虎). "Zilaohu" and "Starpie" were recognised as a "Famous Trademark of Fujian Province" in 2013 and 2015 respectively.

The Group aims to constantly develop new sweet potato snack food products to suit the ever-changing tastes of modern consumers. We have continued to innovate and produce new products with higher profit margins over the past few years. We are continuously expanding new product mix which had successfully reaped in higher revenue growth in FY2016.

Our Brands

星派 Starpie 健康薯生活

乐地 LE DI

德丽佳 DE LI JIA

紫老虎 PURPLE TIGER


星派
Starpay
隆重开业

Quality Product Range

Sweet Potato Baked Goods

Sweet Potato Candies

Sweet Potato Pastries

Savour the Natural Goodness of Sweet Potato

Sweet potato offers a healthy and rich source of nutrients, of which the orange-coloured flesh varieties are the most common, is rich in complex carbohydrates, dietary fibre, beta carotene, vitamins A, B6 and C (1).

Sweet potato is rich in beta-carotene, which the body converts into Vitamin A. Beta-carotene is an antioxidant that has numerous health benefits. Besides its antioxidant properties protecting the cell from damage, people who have consumed high levels of beta carotene have been shown to have a reduced risk of developing cancer, heart disease and various diseases (2).

The purple variation of the sweet potato also contains anthocyanin, which is responsible for the root's brilliant purple colour. Anthocyanins have been demonstrated to improve eyesight, reduce blood pressure, contain strong anti-inflammatory properties and suppress the spread of human cancer cells(3). Thus, purple sweet potato is a highly beneficial crop.

Sweet Potato Preserved Foods

Sweet Potato Crisps

Sweet Potato Nuts

Sweet potato also offer the lowest glycemic index (GI) rating. Low glycemic index of sweet potato makes it an ideal alternative food for China's large population of diabetics.

The Center for Science in the Public Interest (CSPI) in the United States highly recommended sweet potato as one of the most nutritious food. It was found that sweet potatoes are rich in dietary fibre, sugars, vitamins, minerals and other essential nutrients, as compared to common vegetables.

Notes:

[1] Mitra S (2012) Nutritional Status of Orange-Fleshed Sweet Potatoes in Alleviating Vitamin A Malnutrition through a Food-Based Approach. Journal of Nutrition and Food Sciences 2:160.

[2] Council for Responsible Nutrition (CRN) – www.crnusa.org/safety.

[3] Izabela Konczak and Wei Zhang, "Anthocyanins – More Than Nature's Colours," Journal of Biomedicine and Biotechnology,vol. 2004, no. 5, pp. 239-240, 2004.

Corporate Information

Board of Directors

Executive:

Mr Liang Chengwang
(Executive Chairman and Chief Executive Officer)

Non-Executive:

Ms Huang Lu
(Non-Independent Director)

Mr Koh Eng Kheng Victor
(Lead Independent Director)

Mr Loh Wei Ping
(Independent Director)

Mr Lim Teck Chai, Danny
(Independent Director)

Audit Committee

Mr Loh Wei Ping
(Chairman)

Mr Koh Eng Kheng Victor

Mr Lim Teck Chai, Danny

Nominating Committee

Mr Koh Eng Kheng Victor
(Chairman)

Mr Liang Chengwang

Mr Lim Teck Chai, Danny

Remuneration Commitee

Mr Lim Teck Chai, Danny
(Chairman)

Ms Huang Lu

Mr Loh Wei Ping

Company Secretary

Ms Kelly Kiar Lee Noi

Registered Office

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel : (65) 6536 5355
Fax : (65) 6536 1360

Business Office

3 Raffles Place
#05-01 Bharat Building
Singapore 048617
Tel : (65) 6225 9987

Share Registrar/Share Transfer Agent

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: 6536 5355
Fax: 6536 1360

Sponsor

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

Auditors

RSM Chio Lim LLP
8 Wilkie Road
#03-08 Wilkie Edge
Singapore 228095

Audit Partner-In-Charge

Mr Chan Weng Keen
(Appointed since the financial year ended 31 March 2015)

Financial Contents

Corporate Governance Report

China Star Food Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**"), formerly known as Brooke Asia Limited, was formed through a reverse takeover ("**RTO**") on 22 September 2015.

The board of directors (the "**Board**" or the "**Directors**") of the Company is committed to maintaining a high level of corporate governance to promote greater transparency and safeguard the interests of shareholders.

This report outlines the Company's corporate governance structures and practices that were in place during the financial year ended 31 March 2016 ("**FY2016**"), with specific reference made to the principles of the Code of Corporate Governance 2012 (the "**Code**"), issued by Monetary Authority of Singapore on 2 May 2012, and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 to aid companies in compliance with the Code (the "**SGX Guide**") through effective self-regulatory corporate practices to protect and enhance the interests and value of its shareholders.

Subsequent to the completion of RTO on 22 September 2015, the Group has complied with the principles and guidelines as set out in the Code and/or the SGX Guide where appropriate. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the SGX Guide.

I. BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Effective Board to lead and control the Company

The Board has five members and comprises the following:

Name of Director	**Designation**
Liang Chengwang	Executive Chairman and Chief Executive Officer
Koh Eng Kheng Victor	Lead Independent Director
Loh Wei Ping	Independent Director
Lim Teck Chai, Danny	Independent Director
Huang Lu	Non-Executive Director

The Board oversees the business affairs of the Group and is responsible for setting the strategic direction and establishing goals for the management team of the Company ("**Management**"). In addition, the Board works with Management to achieve these goals set for the Group. To ensure smooth operations, facilitate decision-making and ensure proper controls, the Board has delegated some of its powers to its committees (the "**Board Committees**") and Management. The Board Committees and Management remain accountable to the Board.

Guideline 1.1 of the Code: The Board's role

The principal functions of the Board are as follows:

(a) Approving strategies and financial objectives of the Group and monitoring the performance of Management;

(b) Ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;

(c) Evaluating the adequacy of internal controls, risk management, financial reporting and compliance;

(d) Ensuring the Group's compliance with laws, regulations, policies, directives, guidelines and internal code of conduct;

(e) Approving the nomination of Board members and the appointment of key management personnel;

(f) Reviewing the performance of Management;

(g) Approving annual budgets, major funding, investments and divestment proposals; and

(h) Ensuring accurate, adequate and timely reporting to, and communication with shareholders.

All Directors exercise reasonable diligence and independent judgement when making decisions and are obliged to act honestly and consider the interests of the Company at all times.

Guideline 1.2 of the Code: Directors to act in the interests of the Company

To efficiently discharge its responsibilities, the Board has established several Board Committees, namely, the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"). These Board Committees are given specific responsibilities and they are empowered by the Board to deal with matters within the limits of authority set out in the terms of reference of their appointments, which are reviewed on a regular basis by the Board. They assist the Board operationally without the Board losing authority over major issues.

Guideline 1.3 of the Code: Disclosure on delegation of authority by Board to Board Committees

The Board is free to request for further clarification and information from Management on all matters within their purview. The schedule of all the Board Committees' meetings for the financial year is usually given to all the Directors well in advance. The Board conducts meetings on a quarterly basis to review the Group's financial results and where necessary, additional Board meetings are held to address significant issues or transactions.

Since the completion of RTO on 22 September 2015 and up to the end of FY2016, the Board met four times to review the Company's financial results and to consider proposed corporate actions by the Company. Ad-hoc meetings are held to address significant issues or transactions. The Company's constitution (the "**Constitution**") allows Board meetings to be conducted by way of telephone conference and/or by means of similar communication equipment where all Directors participating in the meeting are able to hear each other. Decision of the Board and the Board Committees may also be obtained through circular resolutions.

Guideline 1.4 of the Code: Board to meet regularly

Corporate Governance Report

Directors' attendance at the Board's and the Board Committees' meetings since the completion of RTO on 22 September 2015 and up to FY2016 are as follows:

	Board of Directors		Audit Committee			Nominating Committee			Remuneration Committee		
Name of Directors	No. of Meetings held	No. of Meetings attended	Member-ship	No. of Meetings held	No. of Meetings attended	Member-ship	No. of Meetings held	No. of Meetings attended	Member-ship	No. of Meetings held	No. of Meetings attended
Liang Chengwang	4	4	No	2	2*	Yes	–	–	No	–	–
Chen Huajing[(1)]	4	1	No	2	1*	No	–	–	No	–	–
Huang Lu	4	1(2)	No	2	1*	No	–	–	Yes	–	–
Koh Eng Kheng Victor	4	4	Yes	2	2	Yes (Chairman)	–	–	No	–	–
Loh Wei Ping	4	4	Yes (Chairman)	2	2	No	–	–	Yes	–	–
Lim Teck Chai, Danny	4	4	Yes	2	2	Yes	–	–	Yes (Chairman)	–	–

* By invitation

Notes:

(1) Resigned as Executive Director on 7 April 2016.

(2) Absence due to maternity leave.

Guideline 1.5 of the Code: Matters requiring Board approval

Other matters requiring Board's approval include major investments, material acquisitions and disposals of assets, corporate and financial restructuring, share issuance, dividends and other returns to shareholders.

Each Board member has extensive experience and knowledge in his/her respective area of work, thus providing valuable contribution to the decision-making process of the Board.

Guideline 1.6 of the Code: Directors to receive appropriate training

All new Directors are given guidance and orientation including onsite visits to get them familiarised with the Group's business, organization structure, corporate strategies and policies and corporate governance practices to facilitate the effective discharge of their duties. The Independent Directors had conducted site visit to the Group's factories in Liancheng, China in May 2016.

For new Directors who do not have prior experience as a director of a public listed company in Singapore, they will attend training courses organized by the Singapore Institute of Directors ("**SID**") or other training institutions in areas such as accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties. Mr Koh Eng Kheng Victor had completed the LCD Module 1 organized by SID in 2015. The Board noted the requirement by the SGX-ST for the Directors to attend training courses conducted by SID to familiarise themselves with the roles and responsibilities of Directors of a listed company and will continue to organize training courses for other Directors.

Corporate Governance Report

All Directors have access to information and further training on new developments, including new laws, regulations and changing commercial risks, at the Company's expense. During FY2016, the Directors were briefed by the external auditors on changes and amendments to the Singapore Financial Reporting Standards and the Company Secretary on changes and amendments to the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "**Catalist Rules**") and the Companies (Amendment) Act 2014.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are circulated to the Board.

A formal letter of appointment is provided to every new Director, setting out his/her duties and obligations.

Guideline 1.7 of the Code: Formal letter to be provided to Directors setting out their duties

Board Composition and Balance

Principle 2: Strong and independent element on the Board

The Board comprises five Directors, one of whom is Executive Director and four of whom are Non-Executive Directors of which three are Independent Directors.

Guideline 2.1 of the Code: One-third of Directors to be independent

The profile of the Directors are set out on pages 13 to 15 of this Annual Report.

The Executive Chairman and the Chief Executive Officer ("**CEO**") is the same person. In view that the Executive Chairman and the CEO is also part of the management team and is not an Independent Director, the Company met the Code's recommendation as the Independent Directors make up more than half of the Board.

Guideline 2.2 of the Code: Independent Directors to make up at least half of the Board in certain circumstances

The NC conducted its annual review of the Directors' independence in accordance with the Code's definition of what constitutes an Independent Director. In its deliberation as to the independence of a Director, the NC took into consideration whether a Director has any relationships with the Company, its related companies, its 10% shareholders or its officers, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company.

Guideline 2.3 of the Code: Disclosure of Directors considered to be independent

The NC has reviewed and determined that Mr Koh Eng Kheng Victor, Mr Loh Wei Ping and Mr Lim Teck Chai, Danny are independent according to the Code. The Independent Directors had also confirmed their independence upon their appointment as the Directors of the Company.

Corporate Governance Report

None of the Independent Directors of the Company has served the Board beyond nine years from the date of his first appointment.

Guideline 2.4 of the Code: Independence of Director who has served on the Board beyond nine years should be subject to rigorous review

The Board is of the opinion that its current Board size and composition is reasonably effective and efficient considering the nature, scope and size of the Group's business operations. Nonetheless, the Board would be sourcing a suitable candidate for the Executive Director's position to replace Mr Chen Huajing, who had resigned on 7 April 2016, to assist the CEO to oversee the business operations and corporate finance matters of the Group.

Guideline 2.5 of the Code: Board to determine its appropriate size

The Directors of the Company come from diverse backgrounds and possess core competencies, qualifications and skills, all of whom as a group, provides the Board with a good mix of the necessary experience and expertise to direct and lead the Group. Their combined wealth and diversity of experience enable them to contribute effectively to the strategic growth and governance of the Group.

Guideline 2.6 of the Code: Board to comprise Directors with core competencies

The Non-Executive Directors constructively challenge and assist in the development of proposals on strategies, and assist the Board in reviewing the performance of Management in meeting agreed goals and objectives, and monitor the reporting of such performance.

Guideline 2.7 of the Code: Role of non-executive directors

The Non-Executive Directors meet regularly to discuss any matters without the presence of Management. The Non-Executive Directors also meet up as and when circumstances required. Subsequent to the completion of RTO on 22 September 2015 up to the end of FY2016, the Non-Executive Directors (except for Ms Huang Lu who was on maternity leave) have met unofficially at least once without the presence of Management.

Guideline 2.8 of the Code: Regular meetings of non-executive directors

Chairman and Chief Executive Officer

Principle 3: Clear division of responsibilities and balance of power and authority

Mr Liang Chengwang is the Executive Chairman and the CEO of the Company.

Guideline 3.1 of the Code: Chairman and CEO should be separate persons

The role of the Chairman and the CEO should principally be separated to maintain an appropriate balance of power, increased accountability and to facilitate independent decision making by the Board. However, the Board is of the view that the existing leadership arrangement is effective as it does not hinder the decision-making process of the Company unnecessarily.

Corporate Governance Report

The Executive Chairman and the CEO promotes high standards of corporate governance on the Board and within the Group. The presence of the three Independent Directors also provides an independent and objective element to the Board. They participate actively in matters relating to business, finance, corporate governance, risk management, remuneration and appointment of Board members. The Board Committees comprise primarily Independent and Non-Executive Directors. Hence, the Board believes that there are sufficient safeguards against an uneven concentration of power and authority in a single individual, and that the existing leadership arrangement is effective. The Board will continually review the role of the Executive Chairman and the CEO as well as the composition of the Board to ensure that it does not impede the principles of independence and objectivity in decision making.

Roles of the Executive Chairman and the CEO

Guideline 3.2 of the Code: Chairman's role

As the Executive Chairman, Mr Liang Chengwang is responsible for, amongst others, the effective function of the Board and exercise control over the quality, quantity and timeliness of the flow of information between Management and the Board and assisting in ensuring compliance with the Company's guidelines on corporate governance. He will be assisted by Management in the daily operations and administration of the Group's business activities and in the effective implementation of the Group's business strategies including but not limited to the following:

(i) ensuring the Board's effectiveness and managing the relationship with shareholders;

(ii) ensuring that Board meetings are held when necessary and to approve the meeting agenda;

(iii) ensuring accurate and clear information are contained in the Board papers;

(iv) allowing sufficient time for the discussion of the agenda items;

(v) monitoring communications and relations within the Board and between the Board and Management to facilitate constructive dialogue;

(vi) facilitating effective contribution of the Non-Executive Directors; and

(vii) ensuring compliance with the guidelines set out in the Code.

The Executive Chairman and the CEO remains involved in significant corporate matters, especially those of strategic nature. As the CEO, Mr Liang Chengwang is responsible for the Group's overall management, including overseeing the Group's operation, setting directions for new growth areas and developing business strategies. He plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision.

Taking into account the size, scope and nature of the operations of the Group, the Board is of the view that it is currently in the best interests of the Group to adopt a single leadership structure and there is adequate accountability and transparency within the Group.

Corporate Governance Report

To promote a high standard of corporate governance, Mr Koh Eng Kheng Victor had been appointed as the Lead Independent Director. As the Lead Independent Director, he shall be available to the shareholders at the general meetings of the Company and by way of appointment which can be made at the Company's registered address at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 where they have concerns for which contact through the normal channels of the Executive Chairman and the CEO or the Chief Financial Officer ("**CFO**") have failed to resolve or for which such contact is inappropriate.

Guideline 3.3 of the Code: Appointment of Lead Independent Director

Subsequent to the completion of RTO on 22 September 2015 up to end of FY2016, the Independent Directors have met unofficially at least once to discuss company matters without the presence of other Directors and had provided feedback to the Executive Chairman.

Guideline 3.4 of the Code: Led by the Lead Independent Director, Independent Directors to meet periodically

BOARD MEMBERSHIP

Principle 4: Formal and transparent process for the appointment and re-appointment of Directors to the Board

The NC comprises the following three members, two of whom, including the Chairman, are Independent Directors.

Guideline 4.1 of the Code: NC to recommend all Board appointments

Koh Eng Kheng Victor	Chairman
Liang Chengwang	Member
Lim Teck Chai, Danny	Member

The NC is regulated by a set of written terms of reference and is responsible for making recommendations to the Board on all Board appointments and re-appointments through a formal and transparent process, which includes internal guidelines to address the conflict of competing time commitments that are faced by Directors with multiple board representations. In respect of re-nominations, the NC will consider the individual Director's contribution and performance and whether the Director has adequate time and attention to devote to the Company, in the case of Directors with multiple board representations.

Corporate Governance Report

The responsibilities and principal functions of the NC, as set out in its terms of reference, include:

(a) Reviewing, assessing, making recommendations to the Board on the appointment of Directors, including making recommendations on the composition of the Board generally (taking into account Guidelines 2.1, 2.2, 2.3 and 3.3 of the Code, progressive renewal of the Board, each Director's qualifications, competencies, the number of other listed company board representations and whether he/she is independent) and providing to all newly appointed Directors a formal letter setting out his/her duties and obligations;

(b) Regularly reviewing the Board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender and knowledge of the Company and the core competencies of the Directors as a group and recommending to the Board with regards to any adjustment that may be deemed necessary;

(c) Reviewing, assessing and recommending nominee(s) or candidate(s) for re-appointment or re-election to the Board and considering his/her competency, commitment, contribution, performance and whether or not he/she is independent;

(d) Making plans for succession, in particular for the Chairman of the Board and the CEO;

(e) Preparing and recommending, for approval of the Board, written guidelines on the division of responsibilities of the Chairman of the Board and the CEO;

(f) Determining, on an annual basis, if a Director is independent bearing in mind the circumstances set forth in Guidelines 2.3 and/or 2.4 of the Code and other salient factors;

(g) Recommending Directors who are retiring by rotation to be put forward for re-election;

(h) Deciding whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations, and/or other principal commitments;

(i) Recommending to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards and the maximum number of listed company board representations which any Director may hold;

(j) Assessing the effectiveness of the Board as a whole and recommending to the Board the development of a process for evaluation and deciding how the performance of the Board may be evaluated and proposing objective performance criteria. The Chairman of the NC should act on the results of the performance evaluation and where appropriate, proposing new members be appointed to the Board or seeking the resignation of Directors, in consultation with the members of the NC; and

(h) Recommending to the Board comprehensive induction training programmes for new Directors and reviewing the training and professional development programmes for the Board to keep the Board apprised of relevant new laws, regulations and changing commercial risk.

Corporate Governance Report

In accordance with Articles 99(1) and (2) of the Company's Constitution, one-third of the Directors shall retire from office by rotation at each annual general meeting ("**AGM**"). In addition, Articles 99(3) and (4) provide that the Directors to retire in every year shall be those subject to retirement by rotation who have been longest in office since their last re-election or appointment and that the retiring Directors are eligible to offer themselves for re-election and Article 81 provides that all newly appointed Directors shall hold office only until the next AGM and are eligible to offer themselves for re-election.

Guideline 4.2 of the Code: NC to recommend to the Board on certain relevant matters

Subsequent to the end of FY2016, the NC had met once to:

(a) assess and review the Board's size and competency mix;

(b) assess and evaluate effectiveness of the Board and the Board's performance as a whole;

(c) assess and review the independence of each Independent Director, including those with multiple directorships in other companies; and

(d) review and recommend the re-election of Directors.

As this is the Company's first AGM subsequent to the completion of RTO on 22 September 2015, the Board has accepted the NC's nomination of the retiring of all Non-Executive Directors who have given their consent for re-election at the forthcoming AGM of the Company as a matter of good corporate governance.

The NC reviews the independence of each Director annually in accordance with the Code's definition of independence. In respect of the three Independent Directors, Mr Koh Eng Kheng Victor, Mr Loh Wei Ping and Mr Lim Teck Chai, Danny, the Board is of the view that they are independent, taking into account the circumstances set forth in the Code and any other salient factors. The Independent Directors had also confirmed their independence in accordance with the Code.

Guideline 4.3 of the Code: NC to determine Directors' independence annually

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his/her duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. Based on the Directors' contributions at meetings of the Board and Board Committees and their time commitment to the affairs of the Company, the Board believes that at present, it would not be meaningful to define the maximum limit on the number of listed company board representations and other principal commitments which any Director may hold, and has instead tasked the NC to review if a Director with multiple board representations is devoting sufficient time and attention to the affairs of the Company.

Guideline 4.4 of the Code: Ensure Directors with multiple board representations give sufficient time and attention to the Company

Corporate Governance Report

During FY2016, each individual Director had provided their confirmation to the NC on his/her ability to carry out his/her duties as a Director of the Company and to address any competing time commitments. The NC had evaluated and is satisfied that each of the Directors had spent sufficient time and attention on the affairs of the Group to fulfill their responsibilities, notwithstanding their other commitments.

The NC would continue to review from time to time on the board representations and other principal commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

There are no directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in Code that would otherwise deem him/her not to be independent.

Currently, the Company does not have alternate directors.

Guideline 4.5 of the Code: Boards should avoid approving the appointment of alternative directors.

Appointment of new Directors

Guideline 4.6 of the Code: Description of process for selection, appointment and re-appointment of Directors to be disclosed

When the need for a new Director is identified, either to replace a retiring Director or to enhance the Board's capabilities, the NC will make recommendations to the Board regarding the identification and selection of suitable candidates based on the desired qualifications, skill sets, competencies and experience, which are required to supplement the Board's existing attributes. If need be, the NC may seek assistance from external search consultants for the selection of potential candidates. Directors and Management may also put forward names of potential candidates, together with their curriculum vitae, for consideration.

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

Re-appointment of incumbent Directors

The NC would access the contributions and performance of the incumbent Director and would also review the range of expertise, skills and attributes of current Board members and consider the current needs of the Board.

Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the incumbent Director to the Board for its consideration and approval.

Information in respect of the academic and professional qualification, date of first appointment as a director, date of last re-appointment as a director, and directorship or chairmanship, both present and those held over the preceding three years in other listed companies, and other principal commitments, is set out in the "Board of Directors" section of the Annual Report. In addition, information on shareholdings in the Company and its related companies held by each Director is set out in the "Statement by Directors" section of the Annual Report.

Guideline 4.7 of the Code: Key information regarding Directors

Corporate Governance Report

Board Performance

Principle 5: ***Formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board***

The NC, guided by its terms of reference, decides on how the Board's performance is to be evaluated and has developed objective performance criteria, which address how the Board has enhanced long-term shareholders' value and the effectiveness of the Board as a whole.

In evaluating the Board's performance, the NC implements a self-assessment process that requires each Director to submit the assessment of the performance of the Board as a whole during the year under review. This self-assessment process takes into account, *inter alia*, the Board composition, maintenance of independence, Board information, Board process, Board accountability, communication with top Management and standard of conduct. The Company Secretary will collate the Board evaluations and provide the summary observations to the NC. The NC would then discuss the evaluation and conclude the performance results during the NC meeting.

Guidelines 5.1 and 5.2 of the Code: Board to implement process to address how the Board's performance may be evaluated and disclose the process in Annual Report

The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole since the completion of RTO on 22 September 2015 up to the end of FY2016 and is of the view that the performance of the Board as a whole has been satisfactory.

The NC has concurred that it was difficult to evaluate the performance of each Board Committee or individual Director given the short time span subsequent to the completion of RTO on 22 September 2015. As such, no assessment was carried out for each Board Committee and individual Director since the completion of RTO on 22 September 2015 up to the end of FY2016. The NC will consider to implement the evaluation of the performance of each Board Committee and individual Director for the financial year ending 31 March 2017 ("**FY2017**").

Guideline 5.3 of the Code: Evaluation of each Director whether he/ she continues to contribute effectively

The Board has not engaged any external consultant to conduct an assessment of the performance of the Board. Where relevant and when the need arise, the NC will consider such as engagement.

The NC reviewed the mix of skills and experiences of the Directors that the Board requires to function competently and efficiently in achieving the Group's strategic objectives. When reviewing the Board's performance for FY2016, the NC is satisfied that the Board has a good mix of skills and expertise to meet the needs of the Group and noted the following points:

(a) Feedback received from the Directors and acted on their comments accordingly; and

(b) Individual Director's attendance at meetings of the Board, Board Committees and general meetings, individual Director's functional expertise and his/her commitment of time to the Company.

The Executive Chairman, in consultation with the NC, will, if necessary, propose steps to be undertaken to strengthen the Board's leadership so as to improve the effectiveness of the Board's oversight of the Company.

Each member of the NC has abstained from reviewing and voting on any resolution relating to his re-nomination as Director, or in any matter where he has an interest.

Corporate Governance Report

Access to Information

Principle 6: Board members should be provided with complete, adequate and timely information

To enable the Board to function effectively and to fulfill its responsibilities, Management recognises its obligation to supply the Board and the Board Committees with complete, adequate information in a timely manner. In addition, all relevant information on the Group's annual budgets, financial statements, material events and transactions complete with background and explanations are circulated to Directors as and when they arise. A system of communication between Management and the Board has been established and will improve over time.

Guidelines 6.1 and 6.2 of the Code: Board should have separate and independent access to Management; Management obliged to provide Board with adequate and timely information and include background and explanatory information

Each Director has been provided with the up-to-date contact particulars of the Company's key management personnel and the Company Secretary to facilitate access to any required information. The Company Secretary and her representatives attend all meetings of the Board and Board Committees and are responsible in ensuring that Board procedures and all relevant rules and regulations applicable to the Company are complied with. The Company Secretary also advises the Board on corporate governance matters and she is also the channel of communication between the Company and the SGX-ST.

Guidelines 6.3 of the Code: Directors should have separate and independent access to Company Secretary; role of Company Secretary to be clearly defined

The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Guidelines 6.4 of the Code: Appointment and removal of Company Secretary

In furtherance of their duties, the Directors, individually or as a group, may seek independent professional advice on matters relating to the businesses of the Group, at the Company's expense, subject to approval by the Board.

Guideline 6.5 of the Code: Procedure for Board to take independent professional advice at the Company's cost

II. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: ***Formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors***

The RC comprises the following members, two of whom, including the Chairman, are Independent Directors.

Guideline 7.1 of the Code: RC to consist entirely of Non-Executive Directors

Lim Teck Chai, Danny	Chairman
Huang Lu	Member
Loh Wei Ping	Member

The RC is regulated by a set of written terms of reference. Its key functions include:

(a) Reviewing and recommending to the Board for endorsement by the entire Board, a general framework of remuneration for the Board, the specific remuneration packages and terms of employment for each Director, the CEO (if the CEO is not a Director) and key management personnel including but not limited to senior executive/divisional directors/those reporting directly to the Managing Director/Chairman/CEO/employee related to the Executive Directors or controlling shareholders of the Group;

(b) Reviewing and recommending for endorsement by the entire Board, share-based incentives or awards or any long term incentive schemes which may be set up from time to time, in particular to review whether Directors and key management personnel should be eligible for such schemes and also evaluating the cost and benefits of such scheme and to do all acts necessary in connection therewith;

(c) Functioning as the committee referred to in the China Star Employee Share Option Scheme ("**China Star ESOS**") and the China Star Performance Share Plan ("**China Star PSP**") (collectively referred to as the "**Schemes**") and shall have all the power as set out in the Schemes;

(d) Carrying out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time;

(e) Ensuring that all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered; and

(f) Reviewing shall take into consideration Guidelines 8.1 to 8.4 of the Code, that the remuneration packages should be comparable within the industry and in comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Directors' and key management personnel's performance; the remuneration packages of employees related to Executive Directors, CEO (if CEO is not a Director) and substantial or controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility; and the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses.

The RC recommends to the Board for endorsement, a framework of remuneration for the Board and key management personnel to ensure that the structure is competitive and sufficient to attract, retain and motivate senior management to run the Company successfully in order to maximize shareholder value.

Guideline 7.2 of the Code: RC to review and recommend to the Board a general framework of remuneration for the Board and key management personnel

There is a formal and transparent procedure for fixing the remuneration packages of the Directors. No individual Director is involved in deciding his/her own remuneration. All Non-Executive Directors are paid Directors' fees annually on a standard fee basis.

Each member of the RC abstains from making any recommendation on or voting on any resolution in respect of his/her own Director's fees payable to them, except for providing information and documents specifically requested by the RC to assist it in its deliberations.

In reviewing the remuneration packages, the RC takes into account the current market circumstances and the need to attract and retain Directors of experience and good standing. The RC has full authority to obtain external professional advice on matters relating to remuneration should the need arise.

Guideline 7.3 of the Code: RC to seek expert advice

No remuneration consultants were engaged by the Company in FY2016.

The RC reviews the terms and conditions of service agreement of the Executive Director before his execution. In the course of such review, the RC will consider the Group's obligations arising in the event of termination of Executive Director and key management personnel, to ensure that the service agreements contain fair and reasonable termination clauses and are not overly generous so as to avoid rewarding poor performance.

Guideline 7.4 of the Code: RC to review the Company's obligations in the event of termination of Executive Directors and key management personnel

The service agreement entered into with Mr Liang Chengwang, the Executive Chairman and the CEO of the Company, is for a term of three years with effect from 22 September 2015 and will automatically renewed for a further term of three years unless otherwise terminated by either party giving not less than six months' notice in writing to the other in accordance with the terms of the said agreement.

None of the Non-Executive Directors is on a service agreement with the Company.

Level and Mix of Remuneration

Principle 8: ***Level of remuneration of Directors should be appropriate but not excessive***

The annual review of the compensation is carried out by the RC to ensure that the remuneration of the Executive Director and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Director (together with other key management personnel) is reviewed periodically by the RC and the Board.

Guideline 8.1 of the Code: Package should align Executive Directors' interest with shareholders' interest

The Executive Director does not receive Directors' fee. The remuneration of the Executive Director and the key management personnel comprise primarily a basic salary component and a variable component which is inclusive of bonuses and other benefits.

Corporate Governance Report

The Company has adopted the China Star ESOS and China Star PSP on 20 July 2015.

Guideline 8.2 of the Code: Long-term incentive schemes are encouraged

The China Star ESOS and China Star PSP serve as long-term incentive Schemes for the Company to provide greater flexibility in structuring market-competitive compensation packages for eligible Group employees, Group Executive Director and Group Non-Executive Directors (including the Independent Directors), including those who are also controlling shareholders. These Schemes provides an additional tool for the Company to reward, retain and motivate a core group of Directors, executives and employees so as to build sustainable businesses in the long term.

The China Star ESOS and China Star PSP are administrated by the RC in its absolute discretion with such powers and duties as may be conferred on it by the Board.

Directors' fees are set in accordance with a remuneration framework based on the level of responsibility and scope of work. The Non-Executive Directors are paid Directors' fees in accordance with their level of contributions, taking into account factors such as efforts and time spent, as well as responsibilities and obligations of the Directors. Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company. The Board has endorsed the remuneration framework.

Guideline 8.3 of the Code: Remuneration of Non-Executive Directors dependent on contribution, effort, time spent and responsibilities

The Company does not use contractual provisions to allow the Group to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Director owes a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Director in the event of such breach of fiduciary duties.

Guideline 8.4 of the Code: To consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors

Disclosure on Remuneration

Principle 9: Clear disclosure of remuneration policy, level and mix of remuneration, and procedure for setting remuneration

The Board has not included a separate annual remuneration report to shareholders in the Annual Report on the remuneration of Directors and the top key management personnel (who are not Directors or the CEO of the Company) as the Board is of the view that the matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in this report and in the financial statements of the Group.

Guidelines 9.1, 9.2 and 9.3 of the Code: Remuneration of Directors and top five key management personnel

The remuneration of each individual Director and key management personnel is disclosed in bands of S$250,000 with a breakdown of the components in percentage. The remuneration of each individual Director and key management personnel of the Group is however not disclosed as the Company believes that such disclosure may be prejudicial to its business interests given the highly competitive environment it is operating in. The RC has reviewed the practice of the industry in this regard, weighing the advantages and disadvantages of such disclosure.

Corporate Governance Report

Disclosure on Directors' Fees and Remuneration

A breakdown of the level and mix of the remuneration payable to each individual Director in FY2016 was as follows:

Name of Director	Remuneration Band	Salary %	Director's Fees* %	Performance Based Bonuses %	Other Benefits %	Total %
Liang Chengwang	<$250,000	99.5	–	–	0.5	100.0
Chen Huajing[(1)]	<$250,000	96.7	–	–	3.3	100.0
Huang Lu	<$250,000	–	100.0	–	–	100.0
Koh Eng Kheng Victor	<$250,000	–	100.0	–	–	100.0
Loh Wei Ping	<$250,000	–	100.0	–	–	100.0
Lim Tech Chai, Danny	<$250,000	–	100.0	–	–	100.0

* The Directors' fees are for the period from 22 September 2015 (date of the completion of RTO) to 31 March 2016.

Note:

(1) Resigned as Executive Director on 7 April 2016.

Disclosure on Key Management Personnel's Remuneration

Since the completion of RTO on 22 September 2015 up to the end of FY2016, there were only three key management personnel (who are not Directors or the CEO of the Company) in the Company.

A breakdown of the remuneration bands payable to the key management personnel (who are not Directors or the CEO of the Company) in FY2016 was as follow:

Name of Key Management Personnel	Remuneration Band	Salary %	Performance Based Bonuses %	Other Benefits %	Total %
Chan Siew Kit	<$250,000	96.0	–	4.0	100.0
Xu Jianping	<$250,000	96.7	–	3.3	100.0
Chen Xiyun	<$250,000	95.7	–	4.3	100.0

Corporate Governance Report

Total remuneration for the Directors and the top three key management personnel in FY2016 amounted to S$273,000 and S$179,000 respectively.

There were no termination, retirement and post-employment benefits granted to Directors, the CEO and key management personnel other than the payment in lieu of notice in the event of termination in their respective employment contracts in FY2016.

Guideline 9.4 of the Code: Disclosure of remuneration of employees who are immediate family members of Director and whose remuneration exceeds S$50,000

No employee of the Group was an immediate family member of any of the Directors and/or the CEO whose remuneration exceeded S$50,000 in FY2016. Based on the Catalist Rules, "Immediate family" in relation to a person, means the person's spouse, child, adopted child, step-child, sibling and parent.

Guideline 9.5 of the Code: Details of employees share schemes

The Company has adopted the China Star ESOS and the China Star PSP which will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Such Schemes form an internal component of the compensation plan and are designed to primarily reward and retain Directors and employees whose services are vital to the growth and performance of the Group. As at the date of this Annual Report, no options and/or awards have been granted under the China Star ESOS and China Star PSP respectively.

Further details of the Schemes are set out in the "Statement by Directors" section of the Annual Report.

Guideline 9.6 of the Code: To disclose information on the link between remuneration paid to the Executive Directors and key management personnel, and performance

The Company advocates a performance-based remuneration system for Executive Director and key management personnel that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus which is based on the Group's performance and the individual's performance such as management skills, process skills, people skills and business planning skills. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

As the RTO was completed on 22 September 2015, there was no determination of the performance of the Executive Director and key management personnel for the entitlement to the variable performance bonus in FY2016. The RC will review the performance of the Executive Director and key management personnel based on its performance conditions in FY2017.

Corporate Governance Report

III. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: ***Presentation of a balanced and understandable assessment of the Company's performance, position and prospects***

The Board recognises that it is accountable to shareholders for the performance of the Group. In discharging this responsibility, the Board ensures the timely release of the Group's financial results and that the results provide a balanced and understandable assessment of the Group's performance, financial position and prospects.

Guideline 10.1 of the Code: Board's responsibility to provide balances, understandable assessment of the Company's performance and position on interim basis

To assist the Board in discharging its responsibility, the Company has established a system whereby business and finance heads of individual subsidiaries and business units provide written representations, to Management who would in turn furnish an overall representation to the AC and the Board confirming, *inter alia*, the integrity of the Group's financial statements.

The Board takes steps to ensure compliance with legislative and regulatory requirements with all of the Group's operational practices and procedures and relevant regulatory requirements under the Catalist Rules, where appropriate. The Independent Directors will also obtain advices from Management when establishing written policies for any particular matter that is deemed to be essential to form part of management control.

Guideline 10.2 of the Code: Board to take adequate steps to ensure compliance with legislative and regulatory requirements

Management keeps the Board regularly updated on the Group's business activities and financial performance by providing operations reports on a regular basis to make a balanced and informed assessment of the Group's performance, position and prospects. Such reports include information on:

Guideline 10.3 of the Code: Management should provide the Board with management accounts on a monthly basis

- The Group's actual performance against the approved budget and where appropriate, against forecast; and

- Key business indicators and major issues that is relevant to the Group's performance.

Risk Management and Internal Controls

Principle 11: Sound system of risk management and internal controls

The Board is responsible for the governance of risk and sets the direction for the Group in the way risks are managed in the Group's businesses. The Board regularly reviews and improves the Company's business and operational activities to identify areas of significant risks as well as take appropriate measures to control and mitigate these risks. Management highlights and discusses (if any) salient risk management matters to the Board on a quarterly basis.

Guidelines 11.1 of the Code: Board to determine the Company's levels of risk tolerance and risk policies

Since the completion of RTO on 22 September 2015 up to the end of FY2016, the AC had reviewed the Group's internal controls and risk management policies and processes, and based on its assessment and reports of the external auditors, the AC is assured that adequate and effective internal controls and risk management systems are in place.

Guideline 11.2 of the Code: Board to review adequacy and effectiveness of risk management and internal control systems

The Board is committed to maintaining a sound system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems to safeguard the interests of the shareholders and the Group's assets. To achieve this, regular internal reviews are constantly being undertaken to ensure that the system of internal controls maintained by the Group is sufficient to provide reasonable assurance that the Group's assets are safeguarded against loss from unauthorised use or dispositions, transactions are properly authorised and proper financial records are being maintained.

As for the operational and compliance controls, the Group has periodically reviewed these control areas through the various heads of department, and has continuously made improvements with the assistance of regular internal review.

For FY2016, the Board has received assurance from the CEO and the CFO that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the system of risk management and internal control in place within the Group (including financial, operational, compliance, and information technology) are sufficiently adequate and effective in addressing the material risks in the Group in its current business environment.

Guideline 11.3 of the Code: Board to comment on the adequacy and effectiveness of the internal controls

Corporate Governance Report

Based on the on-going review as well as the continuing efforts in enhancing controls and processes which are currently in place, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and the risk management systems, were adequate and effective as at 31 March 2016.

Catalist Rule 1207(10)

The Board has not established a separate risk committee and relies on internal control policies and procedures established and maintained by the Group, and the regular audits, monitoring and reviews performed by the external auditors in carrying out its responsibility of overseeing the Company's risk management and policies.

Guideline 11.4 of the Code: Board to assess appropriate means to assist in carrying out its responsibility of overseeing the Company's risk management framework and policies

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as the Group strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

The Company has appointed Ernst & Young Advisory Pte. Ltd. as its internal auditors to perform the internal audit functions of the Group including the review and test of controls of its processes.

Audit Committee

Principle 12: Establishment of Audit Committee with written terms of reference

The AC comprises the following three members, all of whom are Independent Directors.

Guideline 12.1 of the Code: AC should comprise at least three Directors, all non-executive, and the majority of whom, including the Chairman, are independent

Loh Wei Ping	Chairman
Koh Eng Kheng Victor	Member
Lim Teck Chai, Danny	Member

The Board is of the opinion that the members of the AC are appropriately qualified to discharge their responsibilities. Two of the members, Mr Loh Wei Ping and Mr Koh Eng Kheng Victor, have many years of experience in accounting and/or related financial management expertise and experience, while Mr Lim Teck Chai, Danny is the Equity Partner of a law firm. All members have relevant financial experience.

Guideline 12.2 of the Code: Board to ensure AC members are qualified

The AC is authorised by the Board to investigate any matters within its terms of reference. It has unrestricted access to information pertaining to the Group, to both internal and external auditors, and to all employees of the Group. Reasonable resources have been made available to the AC to enable it to discharge its duties properly.

Guideline 12.3 of the Code: AC to have explicit authority to investigate and have full access to Management and reasonable resources

Corporate Governance Report

Guideline 12.4 of the Code: Duties of the AC

The AC is regulated by a set of written terms of reference. The principal functions of the AC include:

(a) Reviewing with the external auditors on the audit plan, the evaluation of the system of internal accounting controls, the audit report and the management letter and Management's response;

(b) Ensuring co-ordination where more than one audit firm is involved;

(c) Reviewing the quarterly and annual financial statements to ensure integrity of the said financial statements before submission to the Board for approval;

(d) Reviewing any formal announcements relating to the Company's financial performance;

(e) Discussing problems and concerns, if any, arising from the quarterly and final audits, in consultation with the external auditors and the internal auditors where necessary;

(f) Meeting with the external auditors and with the internal auditors without the presence of Management, at least annually, to discuss any problems and concerns they may have;

(g) Reviewing the assistance given by Management to the external auditors;

(h) Reviewing annually the scope and results of the external audit and its cost effectiveness and the nature and extent of non-audit services (if any) to the Company as well as the independence and objectivity of the external auditors;

(i) Reviewing the internal audit program and the adequacy and effectiveness of the Company's internal audit function, as well as to ensure co-ordination between the internal auditors and the external auditors and Management;

(j) Overseeing and advising the Board in formulating its risk policies to effectively identify and manage the Company's current (and future) risks in its financial, operational, compliance and information technology systems and all strategic transactions to be undertaken by the Company;

(k) Overseeing the design and implementation of the overall risk management systems and internal control systems (including financial, operational, compliance and information technology controls);

(l) Reviewing the adequacy and effectiveness of the Company's risk management and internal control systems (including financial, operational, compliance and information technology controls) and to report to the Board annually;

(m) Reviewing the scope and results of the internal audit procedures including the effectiveness of the internal audit functions and ensuring that such function is adequately resourced and has appropriate standing within the Company;

(n) Reviewing and discussing with the external auditors, any suspected fraud or irregularity, or suspect infringement of any law, rules and regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response;

(o) Investigating any matter within its terms of reference, with full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;

(p) Reviewing arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow up actions to be taken;

(q) Reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(r) Reviewing interested person transactions falling within the scope of the Catalist Rules;

(s) Approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting firm/auditing firm or corporation which the internal audit function is outsourced and ensuring that the internal audit function is staffed with persons with the relevant qualification and experience and that they carry out their function according to the standards set by nationally or internationally recognized professional bodies, including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors;

(t) Recommending to the Board the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

(u) Reviewing the audit representation letters before consideration by the Board, giving particular consideration to matters that related to non-standard issues;

(v) Undertaking such other reviews and projects as may be requested by the Board; and

(w) Undertaking such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The AC met two times since the completion of RTO on 22 September 2015 up to the end of FY2016 to review the audit plan/report, the audit findings, the reports on interested person transactions, and the announcements of the financial results before being approved by the Board for release to the SGX-ST.

The AC reviews the scope and results of the internal audit procedures, including the effectiveness of the internal audit functions and ensures that the internal audit function is adequately resourced and has appropriate standing within the Company and the adequacy of the internal audit function. The CFO is tasked to oversee the implementation of any improvement to the weaknesses in the internal controls.

Corporate Governance Report

The AC has full access to and the co-operation of Management and reasonable resources to enable it to discharge its functions properly. The AC meetings are held with the external auditors and by invitation, any Director and representatives from Management. The AC also meets with the external auditors and the internal auditors without the presence of Management, at least annually, to discuss any problems and concerns they may have.

Guideline 12.5 of the Code: AC to meet external and internal auditors without the presence of Management, annually

The AC had met with the external auditors, Messrs RSM Chio Lim LLP, once in the absence of Management since the completion of RTO on 22 September 2015.

The AC had undertaken a review of all non-audit services provided by the external auditors and was of the opinion that the provision of such services would not affect their independence.

Guideline 12.6 of the Code: AC to review independence of external auditors

Total fees paid by the Group to the external auditors for audit and non-audit services are as disclosed:

External auditor fees for FY2016	S$	% of Total
Total audit fees	177,000	25.1
Total non-audit fees*	528,500	74.9
Total fees payable	705,500	100

* Includes fees in connection with the RTO amounting to S$527,000.

The AC has reviewed the independence of the external auditors and is satisfied that the nature and extent of the non-audit services provided by the external auditors will not prejudice the independence of the external auditors. The AC is satisfied with the external auditors' confirmation of their independence.

The AC will undertake a review of the scope of services provided by the external auditors, the independence and the objectively of the external auditors on annual basis. Messrs RSM Chio Lim LLP, the external auditors of the Company, has confirmed that they are a Public Accounting Firm registered with ACRA and provided a confirmation of their independence to the AC. The AC had assessed the external auditors based on factors such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, given the size and complexity of the Group. The AC is satisfied that the appointment of external auditors is in compliance with the requirements of Catalist Rules 712 and 715. Accordingly, the AC has recommended the re-appointment of Messrs RSM Chio Lim LLP as external auditors for the ensuring year at the forthcoming AGM of the Company.

Catalist Rules 712 and 715

Corporate Governance Report

The Company has put in place a whistle-blowing policy whereby the staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting, fraudulent acts and other matters. The arrangement also provide for independent investigation of such matters and permits whistle blowers to report directly to any member of the AC of the Company either in person or in writing.

Guideline 12.7 of the Code: AC to review arrangements for staff to raise concerns/possible improprieties to AC

The AC has power to conduct or authorise investigations into any matter within the AC's scope of responsibility. On a regular basis, all whistle-blowing cases reported and the resolution would be reported to the AC. Depending on the nature of the concern raised or information provided, the investigation may be conducted. The details of the policy and the contact details of the AC members have been disseminated and made available to all parties concerned.

The AC members take measures to keep abreast of changes of accounting standards and issues which have a direct impact on financial statements through attending training and seminars as well as receiving updates from the Group's external auditors.

Guideline 12.8 of the Code: AC to keep updated on changes to accounting standards

None of the members of the AC is a partner or Director of the Company's existing auditing firm or auditing corporation.

Guideline 12.9 of the Code: Director of the Company's existing auditing firm should not act as member of the AC

Internal Audit

Principle 13: Effective and independent internal audit function

The Board recognizes the importance of maintaining a system of internal controls, procedures and processes for the Group to safeguard the shareholders' investments and the Group's assets.

Guideline 13.1 of the Code: IA to report to AC Chairman

As the size of the operations of the Group does not warrant the Group having an in-house internal audit function, the Company intends to outsource its internal audit function to an independent external service provider. As recommended by the AC, the Board has appointed Ernst & Young Advisory Pte. Ltd., a professional accounting firm providing internal audit, risk and compliance services as internal auditors to perform the internal audit functions of the Group including the review and test of controls of its processes. The internal auditors reported directly to the AC.

Guideline 13.2 of the Code: AC to ensure internal audit function is adequately resourced

The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC also reviews the needs of the internal audit function on a regular basis, including overseeing and monitoring the implementation of the improvements required for various internal control weaknesses identified by Management and the external auditors.

Subsequent to the completion of RTO on 22 September 2015, the internal auditors was appointed in January 2016 to carry out a comprehensive and full scope of internal audit functions.

Guideline 13.3 of the Code: Internal audit function staffed with relevant experienced personnel

The AC is satisfied that the appointed internal auditors are adequately qualified (given, *inter alia*, its adherence to standards set by internationally recognized professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.

Guideline 13.4 of the Code: Internal auditor should meet standards set by internationally recognized professional bodies

Guideline 13.5 of the Code: AC to ensure adequacy and effectiveness of the internal audit function

IV. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholders Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Board recognizes that it is accountable to shareholders for the Group's performance, believes in transparency and strives towards timeliness in the dissemination of material information to the Company's shareholders and the public. The information, including a review of the Group's performance and prospects in the quarterly and full-year results announcements, is disseminated to shareholders through the SGXNet and press releases.

Guideline 14.1 of the Code: To facilitate the exercise of ownership rights by all shareholders

The Company encourages shareholders' participation during the general meetings. Shareholders are able to engage the Board and Management on the Group's business activities, financial performance and other business-related matters during the general meetings. Resolutions are passed through a process of voting and shareholders are entitled to vote in accordance with established voting rules and procedures.

Guideline 14.2 of the Code: Company to ensure the shareholders have the opportunity to participate effectively in and vote at general meetings

Corporate Governance Report

The Company's Constitution allows any shareholder, who is unable to attend the general meetings in person, to appoint not more than two proxies to attend and vote in his/her place at the general meetings via proxy forms submitted in advance (i.e. not less than forty-eight (48) hours before the time appointed for holding the general meeting). The proxy form is sent with the notice of general meetings to all shareholders.

Guideline 14.3 of the Code: Company to allow certain corporations to appoint more than two proxies

On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and Central Provident Fund ("**CPF**") Board which purchases shares on behalf of the CPF investors.

In line with the Group's disclosure obligations pursuant to the Catalist Rules and the Companies Act, Chapter 50 of Singapore, 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 through SGXNet on an immediate basis.

Guidelines 15.1 and 15.2 of the Code: Company to devise an effective investor relations policy to regularly convey pertinent information to shareholders and disclose information on a timely basis through SGXNet

Copies of the Annual Report, the Circular and the Notices of the AGM and/or Extraordinary General Meetings, where applicable, are sent to every shareholder of the Company. The Notices of the general meetings are also advertised in the newspapers and released via SGXNet.

The Company does not practice selective disclosure of material information. The Group makes all necessary disclosures to the public via SGXNet.

Before and after every general meeting, the Chairman and other members of the Board will engage in dialogue with shareholders, to gather views or inputs, and address shareholders' concerns.

Guidelines 15.3 of the Code: Company to establish and maintain regular dialogue with shareholders

The Company also solicits the views of the shareholders through analyst briefings and meetings with investors and fund managers. The Company is open to meetings with investors and analysts, and in conducting such meetings, the Company is mindful of the need to ensure fair disclosure.

Guideline 15.4 of the Code: Steps that the Company takes to solicit and understand the views of the shareholders

The Company does not have a fixed dividend policy. The Company may, by ordinary resolution of the shareholders, declare dividends at a general meeting, but the Company may not pay dividends in excess of the amount recommended by the Directors. The declaration and payment of dividends will be determined at the sole discretion of the Directors subject to the approval of the shareholders of the Company. The Directors may also declare an interim dividend without the approval of the shareholders. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results or operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate.

Guideline 15.5 of the Code: Companies are encouraged to have a dividend policy

The Board has not declared or recommended dividends for FY2016, as the Directors are of the view that it can be better use the cash to invest for business expansion at this juncture.

For the time being, the Board is of the view that authentication of shareholder identity information and other related security issues continue to be a concern and is not proposing to amend its Constitution to allow votes in absentia.

Guideline 16.1 of the Code: Shareholders should be allowed to vote in absentia

Separate resolutions on each distinct issue are tabled at general meetings and voting on each resolution by poll is carried out systematically with proper recording of votes cast and the resolution passed. "Bundling" of resolutions are kept to a minimum and are done only where the resolutions are interdependent so as to form one significant proposal and only where there are reasons and material implications justifying the same.

Guideline 16.2 of the Code: Company should avoid "bundling" resolutions

The Board, the Chairmen of the Board Committees, Management and the external auditors are available at general meetings to address any questions the shareholders may have concerning the Group.

Guideline 16.3 of the Code: Committee Chairman and external auditors to be present at AGM

The Company records minutes of all general meetings and questions and comments from shareholders together with the responses of the Board and Management. These are available to shareholders at their request.

Guideline 16.4 of the Code: Minutes to be available to shareholders

All resolutions will be voted by way of poll and the Company will announce the detailed results showing the number of votes cast for and against each resolution and the respective percentages via the SGXNet after the conclusion of the general meeting. The shareholders will be informed of the voting procedures at the commencement of the general meetings.

Guideline 16.5 of the Code: Company to put all resolutions to vote by poll

DEALINGS IN SECURITIES

The Company has adopted an internal policy on dealings in the securities to provide guidance to its Directors and officers with regard to dealings in the Company's securities.

The Company, its Directors and officers are prohibited from dealing in the Company's securities during the period commencing two weeks and one month before the date of announcement of the Company's quarterly and full-year financial results respectively and ending on the date of announcement of the relevant results, or when they are in possession of the unpublished price

Corporate Governance Report

sensitive information of the Group. Notifications of the 'closed window' periods are sent to all Directors and officers concerned.

The Directors are also required to notify the Company of any dealings in the Company's securities within two (2) days of the transaction and to submit an annual confirmation on their compliance with the internal policy.

In addition, the Company, its Directors and officers are discouraged from dealing in the Company's securities on short-term considerations.

INTERESTED PERSON TRANSACTIONS

The Company has established internal control procedures to ensure the transactions with interested persons are properly reviewed and approved by the AC and conducted at arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The Company does not have a general mandate for Interested Person Transactions ("**IPTs**").

The following are IPTs with value more than S$100,000 transacted in FY2016:-

Liancheng Tianhe Food Factory	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)**	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**
	S$'000	**S$'000**
Rental expense	NIL	266

The AC has reviewed the above IPTs and is of the view that the transactions were on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholder.

MATERIAL CONTRACTS

Save for the material contracts previously disclosed in the RTO circular dated 26 June 2015, there were no material contracts entered into by the Group involving the interest of the CEO, any Director or controlling shareholder, which are either still subsisting at the end of FY2016, or if not then subsisting, entered into since the end of the previous financial year.

Corporate Governance Report

USE OF PROCEEDS

The Company refers to the net proceeds ("**Net Proceeds**") amounted to S$4.16 million raised from the Compliance Placement (as defined in the Company's announcement dated 13 April 2016).

The status of the Net Proceeds as at 30 June 2016 is as follows:

Intended Use	Amount allocated (S$'000)	Amount utilised (S$'000)	Balance amount (S$'000)
Expansion of production capacity including the purchase of plant, machinery and equipment for the new factory and office building of Fujian Zixin	1,335	589	746
General working capital[1]	2,825	1,143	1,682
Total	**4,160**	**1,732**	**2,428**

Note:

(1) Mainly used for payment of raw materials and advertisement costs.

The above utilisations are in accordance with the intended use of the Net Proceeds from the Compliance Placement as stated in the Company's announcement dated 13 April 2016.

The Company will make a separate announcement when it is materially disbursed and will continue to provide periodic updates on the use of the balance of the Net Proceeds through SGXNet.

NON-SPONSOR FEES

In FY2016, the Company paid to its sponsor, PrimePartners Corporate Finance Pte. Ltd. non-sponsor fees of S$220,000 for acting as the financial adviser pursuant to the Company's RTO.

Statement by Directors

The directors of China Star Food Group Limited (the "company" and together with its subsidiaries, the "**group**") are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 March 2016. During the reporting year, the company changed its reporting year end from 30 June to 31 March and these financial statements cover the reporting year from 1 July 2015 to 31 March 2016.

Before 22 September 2015 the company was known as Brooke Asia Limited, which was changed to its present name.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the accompanying consolidated financial statements of the group and statement of financial position 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 March 2016 and of the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the reporting year ended on that date; and

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

The board of directors approved and authorised these financial statements for issue.

2. DIRECTORS IN OFFICE AT DATE OF STATEMENT

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

Liang Chengwang	(Appointed on 22 September 2015)
Huang Lu	(Appointed on 22 September 2015)
Loh Wei Ping	(Appointed on 22 September 2015)
Lim Teck Chai, Danny	(Appointed on 22 September 2015)
Koh Eng Kheng Victor	(Appointed on 22 September 2015)

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the reporting year were not interested in shares or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 (the "**Act**") except as follows:

	Direct Interest	
Name of directors and company in which interests are held	**At date of appointment**	**At end of the reporting year**
The company	**Number of shares of no par value**	
Liang Chengwang	321,132,000	80,283,000[a]
Huang Lu	337,596,000	84,399,000[a]

(a) After adjustment for consolidation of every four ordinary shares into one consolidated share

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

The directors' interests as at 21 April 2016 were the same as those at the end of the reporting year.

By virtue of section 7 of the Act, Liang Chengwang and Huang Lu are deemed to have an interest in all the related corporations of the company.

4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate except as disclosed in Paragraph 5 in this statement.

5. SHARE OPTIONS AND PERFORMANCE SHARES

Share options

During the reporting year, no option to take up unissued shares of the company or any subsidiary was granted.

At the end of the reporting year, there were no unissued shares of the company or any subsidiary under option.

China Star Employee Share Option Scheme

The China Star Employee Share Option Scheme (the "**Scheme**") was approved by the shareholders of the company at an extraordinary general meeting held on 20 July 2015.

The Scheme shall continue to be in force at the discretion of the Remuneration Committee ("**RC**"), subject to a maximum period of 10 years commencing on the date the Scheme was adopted by the company in general meeting i.e. 20 July 2015, provided always that the Scheme may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and any relevant authorities which may then be required.

The Scheme may be terminated at any time by the RC or by resolution of the company in general meeting subject to all relevant approvals, which may be required, and if the Scheme is terminated, no further options shall be offered by the company.

The Scheme provides for the grant of ordinary shares of the company to employees, executive directors, non-executive directors (including independent directors) of the company and its subsidiaries, including those who may be the controlling shareholders.

Statement by Directors

5. **SHARE OPTIONS AND PERFORMANCE SHARES (CONT'D)**

China Star Employee Share Option Scheme (cont'd)

The Scheme is administered by the RC comprising three directors, namely, Huang Lu, Loh Wei Ping, and Lim Teck Chai, Danny in its absolute discretion with such powers and duties as may be conferred on it by the board of directors of the company, which will determine the terms and conditions of the grant of the options. Where a member of the RC is also a proposed participant, he/she will not be involved in the deliberations and decisions of the RC in respect of the options granted, or to be granted, to him/her or his/her associate(s).

The aggregate number of new shares that may be allotted and issued from time to time upon the exercise of the options granted pursuant to the Scheme ("**Option Shares**") over which the RC may grant options on any date (including the number of Option Shares which have been and are to be issued upon the exercise of the options in respect of all options granted under the Scheme and any other share scheme then in force) shall not exceed 15% of the total number of shares (excluding treasury shares) on the day preceding that date.

The aggregate number of Option Shares over which options may be granted under the Scheme to controlling shareholders and/or their associates shall not exceed 25% of the Option Shares available under the Scheme, and the number of Option Shares over which an option may be granted under the Scheme to each controlling shareholder or his/her associate shall not exceed 10% of the Option Shares available under the Scheme.

Subject to any adjustment pursuant to Rule 10 of the Rules of the Scheme, the exercise price for each share in respect of which an option is exercisable shall be payable upon the exercise of the option and shall be determined by the RC in its absolute discretion, on the date of grant, and fixed by the RC at:

(a) the market price; or

(b) a price which is set at a discount to the market price, provided that:

   (i) the maximum discount shall not exceed 20% of the market price. The RC shall have the sole and absolute discretion to determine the exact amount of discount to each participant; and

   (ii) the shareholders in a general meeting shall have authorised, in a separate resolution, the making of offers and grants of options under the Scheme at a discount not exceeding the maximum discount as aforesaid.

Options granted with the exercise price set at market price shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 100 shares or any multiple thereof), by a participant after the first anniversary of the date of grant of that option, and options granted with the exercise price set at a discount to market price shall only be exercisable by a participant after 2 years from the date of grant of that option.

Group employees (including executive directors) who are granted options must exercise their options before the 10th anniversary from the date of grant and group non-executive directors (including independent directors) who are granted Options must exercise their options before the 5th anniversary from the date of grant, failing which all unexercised options shall immediately lapse and become null and void and a participant shall have no claim against the company.

Since the approval of the Scheme by the shareholders of the company, no option was granted.

5. SHARE OPTIONS AND PERFORMANCE SHARES (CONT'D)

China Star Performance Share Plan

The China Star Performance Share Plan (the "**Plan**") was approved by the shareholders of the company at an extraordinary general meeting held on 20 July 2015.

The Plan shall continue to be in force at the discretion of the RC, subject to a maximum period of 10 years commencing on the date the Plan was adopted by the company in general meeting i.e. 20 July 2015, provided always that the Plan may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and any relevant authorities which may then be required.

The Plan may be terminated at any time by the RC or by resolution of the company in general meeting subject to all relevant approvals, which may be required, and if the Plan is terminated, no further award shall be vested in the company.

The Plan is administered by the RC comprising three directors, namely, Huang Lu, Loh Wei Ping, and Lim Teck Chai, Danny in its absolute discretion with such powers and duties as may be conferred on it by the board of directors of the company, which will determine the terms and conditions of the grant of the awards. Where a member of the RC is also a proposed participant, he/she will not be involved in the deliberations and decisions of the RC in respect of the awards granted, or to be granted, to him/her or his/her associate(s).

The company will be delivering shares pursuant to the award granted under the Plan in the form of existing shares held as treasury shares and/or an issue of new shares that may be allotted and issued from time to time upon the vesting of an award granted pursuant to the Plan. The performance shares issued under the Plan, when added to all awards granted under any other share option, share incentive, performance share or restructured share plan implemented by the company and for the time being in force, shall not exceed 15% of the issued share capital of the company from time to time.

In determining whether to issue performance share or to purchase existing shares for delivery to participants upon vesting of their award, the company will take into account factors such as (but not limited to) the number of shares to be delivered, the prevailing market price of the shares and the financial effect on the company of either issuing performance share or purchasing existing shares.

Insofar as in relation to the number of treasury shares that may be held pursuant to the Act as amended by the Companies (Amendment) Act 2014, such a method is not subject to any further limit under prevailing legislation and Singapore Exchange Securities Trading Limited ("**SGX-ST**") guidelines as it does not involve the issuance of any performance shares.

An award letter confirming the award and specifying, *inter alia*, in relation to the award, the prescribed performance target(s), the performance period during which the prescribed performance target(s) are to be satisfied and the date by which the award shall be vested, will be sent to each participant as soon as reasonably practicable after the award is finalised. Notwithstanding that a participant may have met his/her performance targets, no award shall vest in a participant in the following circumstances:

(a) upon the bankruptcy of a participant or the happening of any other event which results in his/her being deprived of the legal or beneficial ownership of such award;

Statement by Directors

5. SHARE OPTIONS AND PERFORMANCE SHARES (CONT'D)

China Star Performance Share Plan (cont'd)

(b) in the event of any misconduct of a participant as determined by the RC in its discretion;

(c) in the event that the RC shall, in its discretion, deems it appropriate that such award shall so lapse on the grounds that any of the objectives of the Plan have not been met; or

(d) in the event that the participant ceases to be employed by the company before vesting of the award to him/her.

The intention is to award shares based on pre-determined dollar amounts such that the quantum of shares comprised in award is dependent on the closing price of shares transacted on the market day the award is vested. The RC will also monitor the grant of award carefully to ensure that the size of the Plan complies with the relevant rules of the SGX-ST.

Since the approval of the Plan by the shareholders of the company, no award was granted.

6. REPORT OF AUDIT COMMITTEE

The members of the audit committee at the date of this report are as follows:

Loh Wei Ping	(Chairman)
Koh Eng Kheng Victor	(Lead independent director)
Lim Teck Chai, Danny	(Independent director)

The audit committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

(a) Reviewed with the independent external auditors their audit plan;

(b) Reviewed with the independent external auditors their evaluation of the company's internal accounting controls that are relevant to their statutory audit, their report on the financial statements and the assistance given by the management to them;

(c) Reviewed with the internal auditors their scope and results of the internal audit procedures (including those relating to financial, operational, compliance and information technology controls and risk management) and the assistance given by management to them;

(d) Reviewed the financial statements of the group and the company prior to their submission to the board of directors of the company for adoption; and

(e) Reviewed the interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual Section B: Rule of Catalist).

Statement by Directors

6. REPORT OF AUDIT COMMITTEE (CONT'D)

Other functions performed by the audit committee are described in the Corporate Governance Report included in the Annual Report of the company. It also includes an explanation of how independent auditors' objectivity and independence is safeguarded where the independent auditors provide non-audit services.

The audit committee has also met with external auditors, without the presence of the company's management, at least once a year.

The audit committee has recommended to the board of directors that RSM Chio Lim LLP be nominated for re-appointment as the company's independent auditors at the next annual general meeting of the company.

7. INDEPENDENT AUDITORS

RSM Chio Lim LLP have expressed their willingness to accept re-appointment.

On behalf of the directors

....	....
Liang Chengwang	Loh Wei Ping
Director	Director

4 July 2016

Independent Auditors' Report

To the Members of CHINA STAR FOOD GROUP LIMITED
(Registration No: 200718683N)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of China Star Food Group Limited (the "**company**") and its subsidiaries (collectively the "**group**"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 March 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY 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 Singapore Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards, 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.

INDEPENDENT AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the group and of the company as at 31 March 2016 and of the financial performance, changes in equity and cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

Independent Auditors' Report

To the Members of CHINA STAR FOOD GROUP LIMITED
(Registration No: 200718683N)

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 and by a subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

OTHER MATTERS

The financial statements for the reporting year ended 30 June 2015 were audited by other independent auditors whose report dated 28 August 2015 expressed an unmodified opinion on those financial statements.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

4 July 2016

Partner-in-charge: Chan Weng Keen
Effective from reporting year ended 31 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Reporting Year Ended 31 March 2016

	Notes	2016 RMB'000	2015 RMB'000
Revenue	5	470,907	418,865
Cost of sales		(262,089)	(245,548)
Gross profit		208,818	173,317
Other gains	6	1,464	–
Interest income	7	3,978	292
Other income	8	245	61
Marketing and distribution costs	9	(55,895)	(34,997)
Administrative expenses	10	(37,621)	(13,174)
Other losses	6	(2,858)	(43)
Finance costs	11	(1,022)	(709)
Other operating expenses		(401)	(2)
Other expenses	12	(70,554)	–
Profit before income tax		46,154	124,745
Income tax expense	14	(29,851)	(31,316)
Profit for the year, net of tax		16,303	93,429
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences, net of tax		249	1,325
Total comprehensive income for the year		16,552	94,754

		RMB cents	RMB cents
Earnings per share			
Basic and diluted earnings per share	15	7.37	44.49

The accompanying notes form an integral part of these financial statements.

Consolidated Statements of Financial Position

As at 31 March 2016

	Notes	Group		Company	
		2016	2015	2016	2015
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	16	93,187	81,166	–	611
Intangible assets	17	46,184	9,093	–	–
Investments in subsidiaries	18	–	–	803,636	–
Other receivables, non-current	19	15,887	–	–	–
Other assets, non-current	20	560	64,500	–	–
Total non-current assets		155,818	154,759	803,636	611
Current assets					
Inventories	21	6,521	5,514	–	–
Trade and other receivables, current	22	25,822	11,160	–	1,303
Other assets, current	23	15,911	10,169	–	–
Cash and cash equivalents	24	184,122	121,209	1	19,917
Total current assets		232,376	148,052	1	21,220
Total assets		388,194	302,811	803,637	21,831
EQUITY AND LIABILITIES					
Equity					
Share capital	25	88,109	5	787,533	28,834
Retained earnings / (accumulated losses)		202,950	200,983	(37,188)	(10,006)
Other reserves	26	26,024	11,439	42,948	(19)
Total equity		317,083	212,427	793,293	18,809
Non-current liability					
Deferred tax liability	14	362	–	–	–
Total non-current liability		362	–	–	–
Current liabilities					
Income tax payable		7,226	10,584	–	–
Trade and other payables, current	27	48,963	49,764	10,344	3,022
Other financial liabilities, current	28	13,000	27,276	–	–
Other liabilities, current	29	1,560	2,760	–	–
Total current liabilities		70,749	90,384	10,344	3,022
Total liabilities		71,111	90,384	10,344	3,022
Total equity and liabilities		388,194	302,811	803,637	21,831

The accompanying notes form an integral part of these financial statements.

Consolidated Statements of Changes in Equity

For the Reporting Year Ended 31 March 2016

Group:	**Total Equity** RMB'000	**Share Capital** RMB'000	**Other Reserves** RMB'000	**Retained Earnings** RMB'000
31 March 2016:				
Opening balance at 1 April 2015	212,427	5	11,439	200,983
Total comprehensive income for the year	16,552	–	249	16,303
Issuance of new shares (Note 25)	24,362	24,362	–	–
Consideration shares pursuant to RTO (Note 18A)	36,661	36,661	–	–
RTO professional fees settled by issuance of new shares (Note 25)	28,064	28,064	–	–
Expenses on issuance of new shares (Note 25)	(983)	(983)	–	–
Transferred from retained earnings (Note 26B)	–	–	14,336	(14,336)
Closing balance at 31 March 2016	317,083	88,109	26,024	202,950
31 March 2015:				
Opening balance at 1 April 2014	132,673	5	20,278	112,390
Total comprehensive income for the year	94,754	–	1,325	93,429
Elimination of merger reserve arising from restructuring exercise (Note 26A)	(15,000)	–	(15,000)	–
Transferred from retained earnings	–	–	4,836	(4,836)
Closing balance at 31 March 2015	212,427	5	11,439	200,983

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

For the Reporting Year Ended 31 March 2016

Company:	Total Equity RMB'000	Share Capital RMB'000	Other Reserves RMB'000	Accumulated Losses RMB'000
31 March 2016:				
Opening balance at 1 July 2015	18,809	28,834	(19)	(10,006)
Total comprehensive income/(loss) for the period	3,582	–	42,967	(39,385)
Capital reduction (Note 25)	(16,631)	(28,834)	–	12,203
Issuance of consideration shares pursuant to the RTO (Note 25)	760,452	760,452	–	–
RTO professional fees settled by issuance of new shares (Note 25)	28,064	28,064	–	–
Expenses on issuance of new shares (Note 25)	(983)	(983)	–	–
Closing balance at 31 March 2016	793,293	787,533	42,948	(37,188)
30 June 2015:				
Opening balance at 1 July 2014	24,410	28,834	(3,402)	(1,022)
Total comprehensive loss for the year	(5,601)	–	(19)	(5,582)
Effect of changes in functional currency	–	–	3,402	(3,402)
Closing balance at 30 June 2015	18,809	28,834	(19)	(10,006)

The accompanying notes form an integral part of these financial statements.

Consolidated Statements of Cash Flows

For the Reporting Year Ended 31 March 2016

	2016 RMB'000	2015 RMB'000
Cash flows from operating activities		
Profit before income tax	46,154	124,745
Interest income	(3,978)	(292)
Interest expense	1,022	709
Depreciation of property, plant and equipment	3,304	2,362
Property, plant and equipment written-off	2,858	43
Amortisation of intangible assets	3,442	330
Amortisation of leased farmland	–	2,400
Gain on transfer of leased farmland	(1,464)	–
Impairment of goodwill	36,660	–
RTO professional fees settled by shares	28,064	–
Exchange differences on translating functional to presentation currency	278	1,325
Operating cash flows before changes in working capital	116,340	131,622
Inventories	(1,007)	27,160
Trade and other receivables	(5,408)	9,958
Other assets	(7,286)	(7,626)
Trade and other payables	14,200	21,445
Other liabilities	(1,200)	2,720
Net cash flows from operations	115,639	185,279
Income taxes paid	(32,846)	(33,600)
Net cash flows from operating activities	82,793	151,679
Cash flows from investing activities		
Acquisition of property, plant and equipment (Note 16)	(18,183)	(69,858)
Advance payment for acquisition of land use rights	–	(31,500)
Refund of payment for land use rights	4,127	–
Acquisition of intangible assets	(338)	–
Net cash flows from RTO (Note 18A)	1	–
Repayment of payable to director/shareholder	(15,000)	–
Interest income received	479	292
Net cash flows used in investing activities	(28,914)	(101,066)
Cash flows from financing activities		
Proceeds from convertible loan	8,927	–
Proceeds from new bank loans	13,000	13,000
Repayment of bank loans	(13,000)	(5,150)
Proceeds of loan from director/shareholder	1,131	14,276
Repayment of payable to director/shareholder	(64)	–
Other payable to director/shareholder	62	–
Interest expense paid	(1,022)	(709)
Adjustment pursuant to restructuring exercise	–	(15,000)
Net cash flows from financing activities	9,034	6,417
Net increase in cash and cash equivalents	62,913	57,030
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	121,209	64,179
Cash and cash equivalents, consolidated statement of cash flows, ending balance (Note 24)	184,122	121,209

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the Reporting Year Ended 31 March 2016

1. GENERAL

1.1 The company

China Star Food Group Limited (the "**company**") is incorporated in Singapore with limited liability. It is listed on the Catalist of the Singapore Exchange Securities Trading Limited.

Before 22 September 2015 the company was known as Brooke Asia Limited, which was changed to its present name.

The financial statements for the reporting year ended 31 March 2016 comprise those of the company and its subsidiaries (collectively, the "**group**"). All financial information presented in Chinese Renminbi have been rounded to the nearest thousand ("**RMB'000**"), unless otherwise indicated.

The financial statements were approved and authorised for issue by the board of directors on the date of statement by directors.

The principal activities of the company are those of an investment holding company. The principal activities of the company's subsidiaries are disclosed in Note 18 to the financial statements below.

The registered office of the company is located at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. The principal place of business of the company is located at 3 Raffles Place, #05-01 Bharat Building, Singapore 048617.

1.2 Reverse takeover by China Star Food Holdings Pte Ltd ("CSFH")

On 22 September 2015, the company completed the proposed acquisition of CSFH in a reverse takeover exercise (the "**RTO**") as set out in the company's Circular to Shareholders dated 26 June 2015, following which CSFH become a wholly-owned subsidiary of the company. The consideration for the acquisition of CSFH of S$168,000,000 was satisfied by the issuance of 840,000,000 new ordinary shares in the capital of the company to former shareholders of CSFH. On the same day, the company was renamed China Star Food Group Limited.

The reporting year end of CSFH is 31 March. Pursuant to the completion of the acquisition of CSFH, the company changed its reporting year end from 30 June to 31 March to align with the same reporting year end as CSFH.

1.3 Accounting for RTO

<u>At group level</u>

The acquisition of CSFH has been accounted as a RTO in accordance with Financial Reporting Standard 103 Business Combinations ("**FRS 103**"). Under FRS 103, the legal subsidiary, CSFH, is regarded as the accounting acquirer and the company as the accounting acquiree, for accounting purposes. As such, the consolidated financial statements have been prepared and presented as a continuation of the CSFH Group.

The above accounting treatment is only applied to the consolidated financial statements of the group. At the company level, the investment in CSFH is accounted for as an investment in a subsidiary.

1. GENERAL (CONT'D)

1.3 Accounting for RTO (cont'd)

At group level (cont'd)

Accordingly, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year ended 31 March 2016 have been presented as a continuation of the CSFH Group's financial results and operations.

Since such consolidated financial statements represent a continuation of the CSFH Group:

(i) the assets and liabilities of the CSFH Group are recognised and measured in the consolidated statement of financial position at their pre-combination carrying amounts;

(ii) the assets and liabilities of the company, the accounting acquiree, are recognised and measured in accordance with FRS 103;

(iii) the retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of the CSFH Group immediately before the business combination;

(iv) the amount recognised as issued equity interest in the consolidated financial statements is determined by adding to the issued equity of the CSFH Group immediately before the business combination to the fair value of the company determined based on the share price of the company at the acquisition date. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) shall reflect the equity structure of the legal parent (i.e. the company), including the equity instruments issued by the legal parent (i.e. the company) to effect the combination; and

(v) the comparative figures presented in these consolidated financial statements are that of consolidated financial statements of the CSFH Group.

Consolidated financial statements prepared following the RTO shall reflect the fair values of the assets and liabilities of the legal parent (i.e. the accounting acquiree for accounting purposes). Therefore, the cost of the business combination for the acquisition is allocated to the identifiable assets and liabilities of the legal parent (i.e. the company) that satisfy the recognition criteria at their fair values as at 22 September 2015. The excess of the cost of the RTO over the net fair value of the identifiable assets and liabilities is recognised as goodwill on the consolidated statement of financial position.

The group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the financial year ended 31 March 2016 refer to the enlarged group which included the results of the CSFH Group from 1 April 2015 to 31 March 2016 and the results of the company for the period from 23 September 2015 to 31 March 2016.

The group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the financial year ended 31 March 2015 refer to the results of the CSFH Group from 1 April 2014 to 31 March 2015.

Notes to the Financial Statements
For the Reporting Year Ended 31 March 2016

1. GENERAL (CONT'D)

1.3 Accounting for RTO (cont'd)

At group level (cont'd)

The group's consolidated statement of financial position as at 31 March 2016 refers to the enlarged group which consists of the assets and liabilities of the CSFH Group and the company as at 31 March 2016.

The group's consolidated statement of financial position as at 31 March 2015 refers to the consolidated statement of financial position of the CSFH Group.

At company level

Reverse acquisition accounting applies only to the consolidated financial statements at the group level. Therefore, in the company's separate financial statements, the investment in the legal subsidiaries (CSFH Group) is accounted for at cost less accumulated impairment losses, if any.

Before the RTO, the company had no operation or subsidiaries.

1.4 Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("**FRS**") and the related Interpretations to FRS ("**INT FRS**") as issued by the Singapore Accounting Standards Council and the Singapore Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the profit or loss, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the current reporting year that were recognised in other comprehensive income in the current or previous reporting years.

1.5 Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at Note 2C below, where applicable.

Notes to the Financial Statements

For the Reporting Year Ended 31 March 2016

1. GENERAL (CONT'D)

1.6 Basis of consolidation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Singapore Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies

Foreign currency transactions

The functional currency of the company is the Singapore Dollars ("**S$**") as it reflects the primary economic environment in which the company operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At the end of each reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss.

The company changed its functional currency from United States Dollars to Singapore Dollars effective from 1 July 2014. This is to better reflect the underlying transactions and assets of the company which were primarily denominated in Singapore Dollars. Pursuant to FRS 21 The Effects of Changes in Foreign Exchange Rates, the change in functional currency was applied prospectively with effect from 1 July 2014.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Foreign currency transactions (cont'd)

Following the completion of the RTO, the presentation currency of the company's financial statements was changed from Singapore Dollars to Chinese Renminbi ("**RMB**"). The exchange rates of S$1.00 to RMB4.5235 (as at 30 June 2015) and S$1.00 to RMB4.5265 (as at 22 September 2015) were used for the conversion of the balances denominated in S$. For the RMB financial statements, assets and liabilities are translated at year end exchange rates and the income and expense items, and other comprehensive income or loss in the statement of comprehensive income are translated at average exchange rates for the reporting year. The resulting translation differences (if any) are recognised in other comprehensive income and accumulated in a separate component of equity.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the entity operates. In translating the financial statements of an investee for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the profit or loss items are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that investee.

Segment reporting

The group discloses financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the ordinary activities of the entity and it is shown net of any related sales taxes, estimated returns, discounts and volume rebates. Revenue from sale of goods are recognised upon the transfer of significant risk and rewards of ownership of the goods to the customers, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods. Interest income is recognised on accrual basis using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The group's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan).

The group also contributes to a local pension scheme in the People's Republic of China, under which the group pays fixed contributions into a defined contribution retirement scheme organised by the local municipal government for eligible employees, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Contributions to the scheme are charged to profit or loss as they fall due.

For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Share-based compensation

For the equity-settled share-based compensation transactions, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed on a straight-line basis over the vesting period is measured by reference to the fair value of the options granted ignoring the effect of non-market conditions such as profitability and sales growth targets. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

The fair value is measured using a relevant option pricing model. The expected lives used in the model are adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. At the end of each reporting year, a revision is made of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Share-based compensation (cont'd)

Benefits to employees are also provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (''equity-settled transactions''). The fair value of the employee services rendered is measured by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the entity's shares (or an estimated market price, if the entity's shares are not publicly traded). This fair value amount is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vesting, with the corresponding adjustment made in equity. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The interest expense is calculated using the effective interest method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws by the end of the reporting year; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at the end of each reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the financial entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets as follows:

Buildings	-	3.33% - 5%
Plant and machinery	-	10%
Office equipment	-	20%
Research & production equipment	-	20%
Motor vehicles	-	25%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Construction work-in-progress is carried at cost, less any recognised impairment loss until construction is completed.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite lives is recognised in the profit and loss. Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable.

Land use rights

Cost of acquisition of land use rights is capitalised and amortised on a straight-line basis over the lease terms of the land use rights of between 46 and 50 years. The amortisation period and method are reviewed at each reporting year end.

Manufacturing patents

Cost of acquisition of patents is capitalised and amortised on a straight-line basis over the useful lives of 10 years. The amortisation period and method are reviewed at each reporting year end.

Notes to the Financial Statements

For the Reporting Year Ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Intangible assets (cont'd)

Software

Cost of acquisition of software is capitalised and amortised on a straight-line basis over the useful lives of 5 years. The amortisation period and method are reviewed at each reporting year end.

Favourable supply contracts

Favourable supply contracts acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised on a straight-line basis over 5 years. The amortisation period and method are reviewed at each reporting year end.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b) whereby (a) being the aggregate of (i) the consideration transferred measured at acquisition date fair value; (ii) the amount of any non-controlling interests in the acquiree measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets; and (iii) in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interests in the acquiree; and (b) being the net of the identifiable assets acquired and the liabilities assumed measured at acquisition date fair values in accordance with FRS 103 – Business Combinations.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment at least annually. Impairment on goodwill is not reversed in any circumstances.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the company and the company 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. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the company's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Impairment of non-financial assets

The carrying amount of non-financial assets is reviewed at the end of each reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At the end of each reporting year, non-financial assets with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made for where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements

For the Reporting Year Ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

#1. Financial assets at fair value through profit or loss: As at end of the reporting year, there were no financial assets classified in this category.

#2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

#3. Held-to-maturity financial assets: As at end of the reporting year, there were no financial assets classified in this category.

#4. Available-for-sale financial assets: As at end of the reporting year, there were no financial assets classified in this category.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances. For the consolidated statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction, if any.

Notes to the Financial Statements

For the Reporting Year Ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

#1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount measured in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

#2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless state otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Notes to the Financial Statements

For the Reporting Year Ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in the profit or loss in the reporting year they occur.

Government grant

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position. The interest saved from government loans is regarded as additional government grant.

2B. Other explanatory information

Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to make sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Notes to the Financial Statements

For the Reporting Year Ended 31 March 2016

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Useful lives of property, plant and equipments:
The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amounts of property, plant and equipment of the group are disclosed in Note 16.

Title to land use rights:
As at the end of the reporting year, the group has not obtained title to the land use rights for a parcel of land from the local authorities in the People's Republic of China ("**PRC**"). The group has started the process to apply for the title of the land use rights with the relevant government authority in the PRC. Management has exercised significant judgement and considers the beneficial interest of this asset for which the title has not been obtained rest with the group and there are no circumstances that affect the group's rights to such interest. The carrying amount of the affected asset is disclosed in Note 17A.

Allowance for doubtful receivables:
An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 22 on trade and other receivables.

Income tax amounts:
The entity recognises tax liabilities and tax assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in the Note 14 on income tax.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling parties are Liang Chengwang and Huang Lu.

3A. Related companies

Related companies in these financial statements relates to the company's subsidiaries.

There are transactions and arrangements between the company and related companies and the effects of these on the basis determined between the companies are reflected in these financial statements. The related company balances are unsecured without fixed repayment terms and interest unless stated otherwise.

Intra-group transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

3B. Other related parties

Related parties in the financial statements refer to entities controlled by Liang Chengwang and Huang Lu or their immediate families.

There are transactions and arrangements between the company and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. No interest or charge is imposed on financial guarantees unless stated otherwise.

Significant related party transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the consolidated financial statements, this item includes the following:

	Group	
	2016	2015
	RMB'000	RMB'000
Rental expense	1,272	1,282

Notes to the Financial Statements

For the Reporting Year Ended 31 March 2016

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3C. Key management compensation

	Group	
	2016	2015
	RMB'000	RMB'000
Salaries and other short-term employee benefits	1,533	581
Contributions to defined benefits plans	78	51

The above amount is included under employee benefits expense. Included in the above amount are the following items:

	Group	
	2016	2015
	RMB'000	RMB'000
Remuneration of directors	756	139

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly.

3D. Other payables and other financial liabilities to related parties

The trade transactions and the trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the consolidated financial statements.

The movements in other payables to related parties are as follows:

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Director/shareholder:				
Balance at beginning of the year	15,064	–	1,408	–
Acquisitions of subsidiaries	–	15,000	–	–
Amounts paid in and settlements of liabilities on behalf of the group	62	64	72	1,408
Repayments	(15,064)	–	(1,418)	–
Salary payables	559	–	559	–
Balance at end of the year (Note 27)	621	15,064	621	1,408

Notes to the Financial Statements

For the Reporting Year Ended 31 March 2016

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3D. Other payables and other financial liabilities to related parties (cont'd)

The movements in other financial liabilities to related parties are as follows:

	Group	
	2016	2015
	RMB'000	RMB'000
Directors/shareholders:		
Balance at beginning of the year	14,276	–
Amounts paid in and settlements of liabilities on behalf of the group	1,131	14,276
Capitalisation (Note 28C)	(15,407)	–
Balance at end of the year (Note 28)	–	14,276

4. FINANCIAL INFORMATION BY SEGMENT

4A. Primary analysis by business segment

For management purposes, the focus is on one operating segment, that is, sweet potato foods. Sweet potato foods segment includes research, production and distribution of sweet potato food products.

4B. Geographical information

As the business activities of the group are mainly conducted in the People's Republic of China, the reporting format by geographical segment is not presented.

4C. Information about major customers

There are no customers with revenue transactions of over 10% of the group's revenue.

5. REVENUE

	Group	
	2016	2015
	RMB'000	RMB'000
Sale of goods	470,907	418,865

Notes to the Financial Statements

For the Reporting Year Ended 31 March 2016

6. OTHER GAINS AND (OTHER LOSSES)

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Gain on transfer of leased farmland (Note 20A)	1,464	–
Plant and equipment written-off	(2,858)	(43)
	(1,394)	(43)
Presented in profit or loss as:		
Other gains	1,464	–
Other losses	(2,858)	(43)
	(1,394)	(43)

7. INTEREST INCOME

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Interest income from banks	479	292
Unwinding of discount on other receivables from a supplier (Note 19)	3,499	–
	3,978	292

8. OTHER INCOME

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Government grant income	–	61
Others	245	–
	245	61

9. MARKETING AND DISTRIBUTION COSTS

The major components include the following:

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Advertisement cost	13,528	5,448
Delivery charges	24,656	22,103
Publicity expenses	4,988	98
Sales and promotional expenses	3,455	–
Employee benefits expense (Note 13)	6,182	5,776

Notes to the Financial Statements
For the Reporting Year Ended 31 March 2016

10. ADMINISTRATIVE EXPENSES

The major components include the following:

	Group	
	2016	2015
	RMB'000	RMB'000
Amortisation of intangible assets	3,442	330
Depreciation of property, plant and equipment (Note 16)	1,725	865
Research and development expenses	17,790	4,046
Employee benefits expense (Note 13)	6,087	2,927

11. FINANCE COSTS

	Group	
	2016	2015
	RMB'000	RMB'000
Interest expense	1,022	709

12. OTHER EXPENSES

	Group	
	2016	2015
	RMB'000	RMB'000
Impairment of goodwill (Note 17)	36,660	–
RTO expenses	33,894	–
	70,554	–

13. EMPLOYEE BENEFITS EXPENSE

	Group	
	2016	2015
	RMB'000	RMB'000
Salaries, bonuses and other employees' benefits	33,056	32,480
Contributions to defined contribution plans	4,466	4,244
Other benefits	3,248	19
	40,770	36,743

The employee benefits expenses are charged as follows:

Cost of sales	28,501	28,040
Marketing and distribution costs (Note 9)	6,182	5,776
Administrative expenses (Note 10)	6,087	2,927
	40,770	36,743

14. INCOME TAX

14A. Components of income tax expense recognised in profit or loss

	Group	
	2016	2015
	RMB'000	RMB'000
Current tax expense:		
Current tax expense	29,017	31,316
Under adjustments in respect of prior years	472	–
Subtotal	29,489	31,316
Deferred tax expense:		
Deferred tax expense	362	–
Total income tax expense	29,851	31,316

The reconciliation of income taxes below is determined by applying the People's Republic of China corporate income tax rate, where the main operations of the group take place. The income tax in profit or loss varied from the amount of income tax amount determined by applying the People's Republic of China corporate income tax rate of 25% (2015: 25%) to profit before income tax as a result of the following differences:

	Group	
	2016	2015
	RMB'000	RMB'000
Profit before income tax	46,154	124,745
Income tax expense at the above rate	11,539	31,186
Effect of different tax rates in different countries	3,105	121
Not deductible items	14,373	9
Under adjustments to current tax in respect of prior years	472	–
Withholding tax expense	362	–
Total income tax expense	29,851	31,316

There are no income tax consequences of dividends to owners of the company.

The major not deductible items include the following:

	Group	
	2016	2015
	RMB'000	RMB'000
Impairment of goodwill arising from reverse acquisition	36,660	–
RTO expenses	33,894	–

The amount of income tax payable outstanding as at end of the reporting year was RMB7,226,000 (2015: RMB10,584,000). Such an amount is net of tax advances, which, according to the tax rules in the People's Republic of China, were paid before the end of the reporting year.

14. INCOME TAX (CONT'D)

14B. Deferred tax expense recognised in profit or loss

	Group	
	2016 RMB'000	2015 RMB'000
Withholding tax on potential dividends from a wholly-owned subsidiary in the People's Republic of China	362	–

14C. Deferred tax balance in the statement of financial position

	Group	
	2016 RMB'000	2015 RMB'000
Withholding tax on potential dividends from a wholly-owned subsidiary in the People's Republic of China	362	–

A wholly-owned subsidiary, Fujian Zixin Biological Potato Co., Ltd, has undistributed profits of RMB275,600,000 (2015: RMB203,125,000) as at the end of the reporting year. In the event these profits are distributed as dividends, a withholding tax of 5% is payable to the tax authority in the People's Republic of China. The group did not recognise deferred liabilities related to potential withholding tax payable on undistributed profits of RMB268,360,000 (2015: RMB203,125,000) amounting to RMB13,418,000 (2015: RMB10,156,000) in these financial statements as the directors of the company have determined that these undistributed profits are intended for reinvestment purposes and will not to be distributed as dividends in the foreseeable future. In addition, the company is able to control the timing of the dividend distributions of this subsidiary.

15. EARNINGS PER SHARE

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share:

	Group	
	2016 RMB'000	2015 RMB'000
Profit for the year, net of tax attributable to owners of the company	16,303	93,429

	No of shares	
	2016	2015
Weighted average number of equity shares	221,072,244	210,000,000

Due to the reverse acquisition during the reporting year, the number of ordinary shares outstanding from the beginning of the reporting year to the reverse acquisition date for purpose of calculating the weighted average number of ordinary shares is deemed to be the number of ordinary shares issued by the company to the former shareholders of CSFH, and the number of ordinary shares outstanding from the reverse acquisition date to the end of the year is the actual number of ordinary shares of the company outstanding during the reporting year, taking into consideration the effect of the share consolidation on 22 September 2015 (Note 25).

Notes to the Financial Statements

For the Reporting Year Ended 31 March 2016

15. EARNINGS PER SHARE (CONT'D)

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

Dilutive earnings per share for the reporting years are computed using the same basis as basic earnings per share as there are no dilutive potential ordinary shares.

16. PROPERTY, PLANT AND EQUIPMENT

Group:	Leasehold buildings	Office equipment	Machinery	Research & production equipment	Motor vehicles	Construction work-in-progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At 1 April 2014	10,789	359	3,513	1,613	236	1,262	17,772
Additions	39,437	203	11,018	3,995	272	14,933	69,858
Written-off	–	(6)	(34)	(24)	(12)	–	(76)
At 31 March 2015	50,226	556	14,497	5,584	496	16,195	87,554
Additions	3,716	369	–	3,336	–	10,762	18,183
Written-off	–	(2)	(79)	(3,159)	–	–	(3,240)
Reclassification	810	–	–	–	–	(810)	–
At 31 March 2016	54,752	923	14,418	5,761	496	26,147	102,497
Accumulated depreciation:							
At 1 April 2014	2,050	163	932	780	134	–	4,059
Depreciation for the year	1,033	83	568	602	76	–	2,362
Written-off	–	–	(9)	(15)	(9)	–	(33)
At 31 March 2015	3,083	246	1,491	1,367	201	–	6,388
Depreciation for the year	1,836	111	689	584	84	–	3,304
Written-off	–	(1)	(31)	(350)	–	–	(382)
At 31 March 2016	4,919	356	2,149	1,601	285	–	9,310
Carrying amount:							
At 1 April 2014	8,739	196	2,581	833	102	1,262	13,713
At 31 March 2015	47,143	310	13,006	4,217	295	16,195	81,166
At 31 March 2016	49,833	567	12,269	4,160	211	26,147	93,187

As at 31 March 2016, the leasehold building and construction work-in-progress of the group with carrying amount of RMB59,805,000 (2015: RMB51,982,000) are mortgaged as securities for bank loans (See Note 28B).

Notes to the Financial Statements

For the Reporting Year Ended 31 March 2016

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The depreciation expense is charged as follows:

	Group	
	2016	2015
	RMB'000	RMB'000
Cost of sales	1,564	1,482
Marketing and distribution costs	15	15
Administrative expenses (Note 10)	1,725	865
	3,304	2,362

Company:	Plant and equipment RMB'000
Cost:	
At 1 July 2014 and 30 June 2015	764
Written-off	(764)
At 31 March 2016	–
Accumulated depreciation:	
At 1 July 2014	–
Depreciation for the year	153
At 30 June 2015	153
Depreciation for the year	35
Written-off	(188)
At 31 March 2016	–
Carrying amount:	
At 1 July 2014	764
At 30 June 2015	611
At 31 March 2016	–

Notes to the Financial Statements

For the Reporting Year Ended 31 March 2016

17. INTANGIBLE ASSETS

Group:	Land use rights (Note 17A)	Manufacturing patents	Software	Favourable supply contracts (Note 20A)	Goodwill (Note 17B)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At 1 April 2014 and 31 March 2015	8,037	1,562	–	–	–	9,599
Additions	27,373	–	338	12,822	–	40,533
Arising from reverse acquisition (Note 18A)	–	–	–	–	36,660	36,660
At 31 March 2016	35,410	1,562	338	12,822	36,660	86,792
Accumulated amortisation:						
At 1 April 2014	74	102	–	–	–	176
Amortisation for the year	175	155	–	–	–	330
At 31 March 2015	249	257	–	–	–	506
Amortisation for the year	709	157	11	2,565	–	3,442
At 31 March 2016	958	414	11	2,565	–	3,948
Accumulated impairment:						
At 1 April 2014 and 31 March 2015	–	–	–	–	–	–
Impairment for the year	–	–	–	–	36,660	36,660
At 31 March 2016	–	–	–	–	36,660	36,660
Carrying amount:						
At 1 April 2014	7,963	1,460	–	–	–	9,423
At 31 March 2015	7,788	1,305	–	–	–	9,093
At 31 March 2016	34,452	1,148	327	10,257	–	46,184

Amortisation expenses are charged under administrative expense.

17. INTANGIBLE ASSETS (CONT'D)

17A. Land use rights

The land use rights are for land located in the People's Republic of China.

As at the end of the reporting year, the group has not obtained title to the land use rights for a parcel of land which has carrying amount of RMB26,826,000 (2015: Nil) from the local authorities in the People's Republic of China ("**PRC**"). The group has started the process to apply for the title of the land use rights with the relevant government authority in the PRC. Management has exercised significant judgement and considers the beneficial interest of this asset for which the title has not been obtained rest with the group and there are no circumstances that affect the group's rights to such interest.

As at 31 March 2016, the land use rights of the group with carrying amount of RMB6,839,000 (2015: RMB6,981,000) is mortgaged for bank loan (See Note 28B).

17B. Goodwill arising on consolidation

A determination of the recoverable amount of goodwill subsequent to the RTO revealed a shortfall of RMB36,660,000 in future cash flow to support the purchase consideration paid of RMB36,661,000 as the company did not have operation or subsidiaries at the time when the reverse acquisition was completed. Accordingly, an impairment charge of RMB36,660,000 (2015: Nil) was recorded against goodwill and is disclosed under "other expenses" in the consolidated statement of profit or loss and other comprehensive income.

18. INVESTMENT IN SUBSIDIARIES

	Company	
	2016	2015
	RMB'000	RMB'000
Unquoted equity shares, at cost	803,636	–

Notes to the Financial Statements
For the Reporting Year Ended 31 March 2016

18. INVESTMENT IN SUBSIDIARIES (CON'T)

The subsidiaries held by the company are listed below:

Names of subsidiaries, country of incorporation, place of operations and principal activities	Cost		Effective equity held	
	2016	2015	2016	2015
	RMB'000	RMB'000	%	%
Held through the company:				
China Star Food Holdings Pte Ltd [a] Singapore Investment holdings	803,636	–	100	–
Held through CSFH:				
福建紫心生物薯业有限公司 Fujian Zixin Biological Potato Co., Ltd [b] People's Republic of China Research, production and distribution of sweet potato food products			100	100
Held through Fujian Zixin Biological Potato Co., Ltd:				
福建紫老虎食品有限公司 Fujian Zilaohu Food Co., Ltd. [b] People's Republic of China Research, production and distribution of sweet potato food products			100	100
连城县地中宝现代农业发展有限公司 Liancheng Dizhongbao Modern Agriculture Development Co, Ltd. [b] People's Republic of China Cultivation, processing and sale of sweet potatoes			100	100
福建星派食品有限公司 Fujian Xingpai Food Co., Ltd. [b] People's Republic of China Sale of sweet potato food products			100	100

(a) Audited by RSM Chio Lim LLP

(b) The consolidated financial statements of the group for the reporting year ended 31 March 2016 were prepared using the financial statements of the subsidiaries prepared by management in accordance with International Financial Reporting Standards which have been audited by Ruihua Certified Public Accountants LLP ("**Ruihua**") in accordance with International Standards on Auditing. Ruihua is a member of RSM International, of which RSM Chio Lim LLP is a member.

Notes to the Financial Statements
For the Reporting Year Ended 31 March 2016

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

18A. Reverse takeover acquisition

As disclosed in Note 1.3 to the financial statements, China Star Food Holdings Pte Ltd became the parent of the group for accounting purpose, and the company become the acquiree. The identifiable assets acquired and liabilities assumed of the company are as follows:

	Pre-acquisition carrying amounts and fair value on date of acquisition RMB'000
Purchase consideration satisfied by issuance of shares in the company	36,661
Less: Cash and cash equivalent and net assets acquired	1
Goodwill (Note 17)	36,660
Net cash flow from RTO	1

19. OTHER RECEIVABLES, NON-CURRENT

	Group	
	2016 RMB'000	2015 RMB'000
Other receivables from a supplier (Note 20A)	15,887	–
Presented in the statement of financial position as:		
Non-current	15,887	–
Current (Note 22)	3,978	–
	19,865	–

20. OTHER ASSETS, NON-CURRENT

	Group	
	2016 RMB'000	2015 RMB'000
Advance payments for:		
- Acquisition of land use rights	–	31,500
- Leasing of farm land (Note 20A)	–	33,000
Deferred expenses	560	–
	560	64,500

20. OTHER ASSETS, NON-CURRENT (CONT'D)

20A. Advance payments for leasing of farm land

	Group	
	2016	2015
	RMB'000	RMB'000
Balance at beginning of the year	33,000	35,400
Recognised in profit or loss	–	(2,400)
Disposal	(33,000)	–
Balance at end of the year	–	33,000

In January 2014, the subsidiary, Liancheng Dizhongbao Modern Agriculture Development Co, Ltd. ("**Dizhongbao**") signed lease agreements with several farmers to lease their farmland for 16 years as part of the group's business strategy to secure supplies of sweet potatoes. Under the terms of the lease agreements, Dizhongbao had made upfront full payments of the leases. The advance payments for leasing of farmland were amortised as an expense in profit or loss on a straight-line basis over the term of the relevant leases.

In April 2015, Dizhongbao entered into Land Use Rights Transfer Agreements (the "**Agreements**") with a third party sweet potatoes supplier (the "**Supplier**") and the farmers to transfer all rights and obligations relating to the usage of the farmland to the Supplier (the "**Disposal**").

In return, the Supplier agreed to pay Dizhongbao a sum of RMB34,790,500, which Dizhongbao will receive in 5 equal yearly installments payable before 31 December every year and the first installment was due on 31 December 2015. In addition, the Supplier also agreed to sell all the harvested sweet potatoes from the transferred farmland exclusively to the Dizhongbao with the first right of refusal at 30% discount of the prevailing market price at the point of sale for 5 years (collectively, the "**Consideration**").

The Agreement also states that in the event of default/delay of repayments of installments of more than one month or non-compliance with any specified clauses in the Agreements, Dizhongbao has the right to resume usage of the farmland or re-assign its rights and responsibilities to another party.

Management measured and recognised the fair value of the Consideration using the following parameters:

(a) The rate used for the discounting of receivable from the Supplier and future benefits arising from the favourable supply contracts is 15%; and

(b) The supply of sweet potatoes from the transferred farmland is 5,000 tons per year.

20. OTHER ASSETS, NON-CURRENT (CONT'D)

20A. Advance payments for leasing of farm land (cont'd)

The carrying amounts of the assets as at 31 March 2016 and impact to profit or loss for the current reporting year resulting from the Disposal are as follows:

	Group
	RMB'000
Other receivables, non-current (Note 19)	15,887
Other receivables, current (Note 22)	3,978
Intangible asset – favourable supply contracts (Note 17)	10,257
Impact to profit or loss:	
Amortisation of intangible asset (Note 17)	(2,565)
Unwinding of discount on other receivable (Note 7)	3,499
Gain on transfer of leased farmland (Note 6)	1,464

21. INVENTORIES

	Group	
	2016	2015
	RMB'000	RMB'000
Finished goods	429	268
Work-in-process	1,997	2,149
Raw materials	4,095	3,097
	6,521	5,514
Changes in inventories of finished goods	161	7,600
The amounts of inventories included in cost of goods sold	230,748	209,104

There are no inventories pledged as security for liabilities.

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables:				
Outside parties	16,628	10,813	–	–
Other receivables:				
Deposits to secure goods and services	5,216	347	–	1,303
Other receivables from a supplier (Note 20A)	3,978	–	–	–
Subtotal	9,194	347	–	1,303
Total	25,822	11,160	–	1,303

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For the Reporting Year Ended 31 March 2016

23. OTHER ASSETS, CURRENT

	Group	
	2016	2015
	RMB'000	RMB'000
Deferred expenses	–	2,980
Prepayments to suppliers	15,911	7,189
	15,911	10,169

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	184,122	121,209	1	19,917

The interest earning balances are not significant.

25. SHARE CAPITAL

	Company	
	Number of shares issued	Share capital
	'000	RMB'000
Ordinary shares of no par value:		
Balance at 1 July 2015	53,636	28,834
Capital reduction	–	(28,834)
Issuance of consideration shares pursuant to the RTO	840,000	760,452
RTO professional fees settled by issuance of new shares	31,000	28,064
Expenses on issuance of new shares	–	(983)
Shares consolidation	(693,477)	–
Balance at 31 March 2016	231,159	787,533

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

(a) During the reporting year, China Star Food Holdings Pte Ltd issued 3,524,811 new shares prior to completion of the RTO for total consideration of RMB24,362,000 by capitalising loan from shareholder and convertible loan from investors.

(b) On 22 December 2015, the company consolidated every four ordinary shares into one consolidated share.

25. SHARE CAPITAL (CONT'D)

(c) During the reporting year, the company carried out a capital reduction exercise to reduce the issued and paid-up share capital of the company by S$6,369,999 from S$6,370,000 to (i) return S$0.0685 in cash for each share held by shareholders or on their behalf by way of a cash distribution and (ii) write-off accumulated losses of the company of S$2,695,933. The capital reduction was approved by the shareholders of the company at an extraordinary meeting held on 20 July 2015.

Capital management:

The objectives when managing capital are: to safeguard the financial entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt.

The group's non-restricted cash as at 31 March 2015 and 31 March 2016 exceeded its borrowing as of these dates. Therefore, the debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk of borrowings.

In order to maintain its listing on the Singapore Exchange, the company has to have share capital with a public float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

See Note 32 for events after the end of the reporting year.

25A. China Star Food Employee Share Option Scheme

The China Star Food Employee Share Option Scheme (the "**Scheme**") was approved by the shareholders of the company at an extraordinary general meeting held on 20 July 2015.

The Scheme shall continue to be in force at the discretion of the Remuneration Committee ("**RC**"), subject to a maximum period of 10 years commencing on the date the Scheme was adopted by the company in general meeting i.e. 20 July 2015, provided always that the Scheme may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and any relevant authorities which may then be required.

The Scheme may be terminated at any time by the RC or by resolution of the company in general meeting subject to all relevant approvals, which may be required, and if the Scheme is terminated, no further option shall be offered by the company.

Notes to the Financial Statements

For the Reporting Year Ended 31 March 2016

25. SHARE CAPITAL (CONT'D)

25A. China Star Food Employee Share Option Scheme (cont'd)

The Scheme provides for the grant of ordinary shares of the company to employees, executive directors, non-executive directors (including independent directors) of the company and its subsidiaries, including those who may be the controlling shareholders.

The Scheme is administered by the RC of the company in its absolute discretion with such powers and duties as may be conferred on it by the board of directors of the company, which will determine the terms and conditions of the grant of the options. Where a member of the RC is also a proposed participant, he/she will not be involved in the deliberations and decisions of the RC in respect of the options granted, or to be granted, to him/her or his/her associate(s).

The aggregate number of new shares that may be allotted and issued from time to time upon the exercise of the options granted pursuant to the Scheme ("**Option Shares**") over which the RC may grant options on any date (including the number of Option Shares which have been and are to be issued upon the exercise of the options in respect of all options granted under the Scheme and any other share scheme then in force) shall not exceed 15% of the total number of shares (excluding treasury shares) on the day preceding that date.

The aggregate number of Option Shares over which options may be granted under the Scheme to controlling shareholders and/or their associates shall not exceed 25% of the Option Shares available under the Scheme, and the number of Option Shares over which an option may be granted under the Scheme to each controlling shareholder or his/her associate shall not exceed 10% of the Option Shares available under the Scheme.

Subject to any adjustment pursuant to Rule 10 of the Rules of the Scheme, the exercise price for each share in respect of which an option is exercisable shall be payable upon the exercise of the option and shall be determined by the RC in its absolute discretion, on the date of grant, and fixed by the RC at:

(a) the market price; or

(b) a price which is set at a discount to the market price, provided that:

  (i) the maximum discount shall not exceed 20% of the market price. The RC shall have the sole and absolute discretion to determine the exact amount of discount to each participant; and

  (ii) the shareholders in a general meeting shall have authorised, in a separate resolution, the making of offers and grants of options under the Scheme at a discount not exceeding the maximum discount as aforesaid.

Options granted with the exercise price set at market price shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 100 shares or any multiple thereof), by a participant after the first anniversary of the date of grant of that option, and options granted with the exercise price set at a discount to market price shall only be exercisable by a participant after 2 years from the date of grant of that option.

25. SHARE CAPITAL (CONT'D)

25A. China Star Food Employee Share Option Scheme (cont'd)

Group employees (including executive directors) who are granted options must exercise their options before the 10th anniversary from the date of grant and group non-executive directors (including independent directors) who are granted Options must exercise their options before the 5th anniversary from the date of grant, failing which all unexercised options shall immediately lapse and become null and void and a Participant shall have no claim against the company.

Since the approval of the Scheme by the shareholders of the company, no option was granted.

25B. China Star Performance Share Plan

The China Star Performance Share Plan (the "**Plan**") was approved by the shareholders of the company at an extraordinary general meeting held on 20 July 2015.

The Plan shall continue to be in force at the discretion of the RC, subject to a maximum period of 10 years commencing on the date the Plan was adopted by the company in general meeting i.e. 20 July 2015, provided always that the Plan may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and any relevant authorities which may then be required.

The Plan may be terminated at any time by the RC or by resolution of the company in general meeting subject to all relevant approvals, which may be required, and if the Plan is terminated, no further award shall be vested in the company.

The Plan is administered by the RC comprising three directors, namely, Huang Lu, Loh Wei Ping, and Lim Teck Chai, Danny in its absolute discretion with such powers and duties as may be conferred on it by the board of directors of the company, which will determine the terms and conditions of the grant of the awards. Where a member of the RC is also a proposed participant, he/she will not be involved in the deliberations and decisions of the RC in respect of the awards granted, or to be granted, to him/her or his/her associate(s).

The company will be delivering shares pursuant to the award granted under the Plan in the form of existing shares held as treasury shares and/or an issue of new shares that may be allotted and issued from time to time upon the vesting of an award granted pursuant to the Plan. The performance shares issued under the Plan, when added to all awards granted under any other share option, share incentive, performance share or restructured share plan implemented by the company and for the time being in force, shall not exceed 15% of the issued share capital of the company from time to time.

25. SHARE CAPITAL (CONT'D)

25B. China Star Performance Share Plan (cont'd)

In determining whether to issue performance share or to purchase existing shares for delivery to participants upon vesting of their award, the company will take into account factors such as (but not limited to) the number of shares to be delivered, the prevailing market price of the shares and the financial effect on the company of either issuing performance share or purchasing existing shares.

Insofar as in relation to the number of treasury shares that may be held pursuant to the Act as amended by the Companies (Amendment) Act 2014, such a method is not subject to any further limit under prevailing legislation and Singapore Exchange Securities Trading Limited ("**SGX-ST**") guidelines as it does not involve the issuance of any performance shares.

An award letter confirming the award and specifying, *inter alia*, in relation to the award, the prescribed performance target(s), the performance period during which the prescribed performance target(s) are to be satisfied and the date by which the award shall be vested, will be sent to each participant as soon as reasonably practicable after the award is finalised. Notwithstanding that a participant may have met his/her performance targets, no award shall vest in a participant in the following circumstances:

(a) upon the bankruptcy of a participant or the happening of any other event which results in his/her being deprived of the legal or beneficial ownership of such award;

(b) in the event of any misconduct of a participant as determined by the RC in its discretion;

(c) in the event that the RC shall, in its discretion, deems it appropriate that such award shall so lapse on the grounds that any of the objectives of the Plan have not been met; or

(d) in the event that the participant ceases to be employed by the company before vesting of the award to him/her.

The intention is to award shares based on pre-determined dollar amounts such that the quantum of shares comprised in award is dependent on the closing price of shares transacted on the market day the award is vested. The RC will also monitor the grant of award carefully to ensure that the size of the Plan complies with the relevant rules of the SGX-ST.

Since the approval of the Plan by the shareholders of the company, no award was granted.

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26. OTHER RESERVES

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Merger reserve (Note 26A)	–	–	–	–
Statutory common reserve (Note 26B)	24,450	10,114	–	–
Foreign currency translation reserve (Note 26C)	1,574	1,325	42,948	(19)
	26,024	11,439	42,948	(19)

26A. Merger reserve

	Group	
	2016	2015
	RMB'000	RMB'000
Balance at beginning of the year	–	15,000
Elimination of merger reserve arising from restructuring exercise	–	(15,000)
Balance at end of the year	–	–

Merger reserve represents consolidation differences arising from merger accounting.

26B. Statutory common reserve

	Group	
	2016	2015
	RMB'000	RMB'000
Balance at beginning of the year	10,114	5,278
Transfer from retained earnings	14,336	4,836
Balance at end of the year	24,450	10,114

Under the regulations in People's Republic of China, the company's subsidiaries are required to set up a statutory reserve which represents a non-distributable reserve made at a rate of at least 10% of net profit after tax until the reserve reaches 50% of the registered paid up capital in accordance with their Articles of Association. The transfer to this reserve must be made before the payment of dividends to shareholders.

The statutory common reserve can only be used to set off against losses, to expand the entities' production operations or to increase its share capital. The company and its subsidiaries may convert its statutory common reserve into share capital provided that the remaining balance of such reserve is not less than 25% of the share capital.

The subsidiaries may transfer a portion of its net profit to the statutory welfare reserve in accordance with their Articles of Association, as recommended by directors and approved by shareholders.

The statutory welfare reserve can only be used for the collective welfare of the employees of the subsidiaries.

Notes to the Financial Statements

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26. OTHER RESERVES (CONT'D)

26C. Foreign currency translation reserve

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at beginning of the year	1,325	–	(19)	3,402
Exchange differences on translating functional to presentation currency	249	1,325	42,967	(3,421)
Balance at end of the year	1,574	1,325	42,948	(19)

The foreign currency translation reserve represents exchange differences arising from the translation of the company's presentation currency from Singapore Dollars to Chinese Renminbi and it is not distributable.

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables:				
Outside parties and accrued liabilities	32,887	28,730	–	–
Other payables:				
Outside parties	11,643	2,742	9,283	1,614
Salary payable	3,812	3,228	440	–
Director/shareholder (Note 3)	621	15,064	621	1,408
Subtotal	16,076	21,034	10,344	3,022
Total trade and other payables	48,963	49,764	10,344	3,022

Other payables to director/shareholder include consideration payable to Mr Liang Chengwang for the acquisitions of Fujian Zixin and Fujian Zilaohu amounting to Nil (2015: RMB15,000,000), which had been repaid during the reporting year.

28. OTHER FINANCIAL LIABILITIES

	Group	
	2016	2015
	RMB'000	RMB'000
Bank loan A (unsecured) (Note 28A)	3,000	3,000
Bank loan B (secured) (Note 28B)	10,000	10,000
Loans from directors/shareholders (unsecured) (Note 28C)	–	14,276
	13,000	27,276

28. OTHER FINANCIAL LIABILITIES (CONT'D)

28A. Bank loan A

The bank loan is repayable within 12 months and renewable annually. The bank loan's fixed interest rate was 8.51% (2015: 8.75%) per annum and is repayable within 12 months.

The bank loan is unsecured, guaranteed by a local credit guarantee company and one of the company's directors.

28B. Bank loan B

The loan is secured by mortgages of a leasehold building and land use rights of the group (see Notes 16 and 17A) and guaranteed by one of the company's directors. It bears fixed interest rate at 7.56% (2015: 7.56%) per annum and is repayable within 12 months.

28C. Loans from director/shareholder

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Huang Lu (Note 3D)	–	14,276

On 14 April 2015, the loans were capitalised as issued and paid-up share capital of CSFH.

29. OTHER LIABILITIES

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Advance payments by customers	1,560	2,760

Notes to the Financial Statements

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30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

30A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Cash and cash equivalents	184,122	121,209	1	19,917
Loans and receivables	41,709	11,160	–	1,303
	225,831	132,369	1	21,220
Financial liabilities:				
Trade and other payables at amortised cost	48,963	49,764	10,344	3,022
Other financial liabilities at amortised cost	13,000	27,276	–	–
	61,963	77,040	10,344	3,022

Further quantitative disclosures are included throughout these financial statements.

30B. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

30C. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk, the objectives, policies and processes for managing the risk and the methods used to measure the risk.

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30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

30D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial instruments; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any loan payable commitment at the end of the reporting year. Credit risk on cash balances with banks is limited because the counterparties are entities with acceptable credit ratings. For credit risk on receivables, an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk is controlled by requisition of advance payment from customers and these are disseminated to the relevant persons concerned and compliance is monitored by management.

Note 24 disclosed the maturity of the cash and cash equivalents balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 45 days (2015: 30 days). But some customers take a longer period to settle the amounts.

As at the end of the reporting year, no trade receivable amounts were past due nor impaired.

Other receivables are normally with no fixed terms and therefore there is no maturity.

As at the end of the reporting year, cash balance amounting to RMB184,013,000 (2015: RMB116,174,000) was deposited with Wenheng Rural Credit Cooperative of Liancheng Rural Credit Joint Cooperative (the "**Cooperative**") and the amount constitutes 99.9% (2015: 95.8%) of total cash and cash equivalents. The Cooperative was not rated by a rating agency at the end of the reporting year.

Except as disclosed above, there is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and customers.

30E. Liquidity risk – financial liabilities maturity analysis

The following table analyses financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) at the end of the reporting year:

	Less than 1 year	
	2016	**2015**
	RMB'000	**RMB'000**
<u>Group</u>		
Trade and other payables	48,963	49,764
Other financial liabilities	13,606	27,873
	62,569	77,637
<u>Company</u>		
Trade and other payables	10,344	3,022

Notes to the Financial Statements
For the Reporting Year Ended 31 March 2016

30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

30E. Liquidity risk – financial liabilities maturity analysis (cont'd)

The above amounts disclosed in the maturity analysis are the contractual and undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay. At the end of the reporting year, no claims on the financial guarantees are expected.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 60 days (2015: 30 to 60 days). The other payables are with short-term durations. In order to meet such cash commitments, the operating activities are expected to generate sufficient cash inflows.

30F. Interest rate risk

The interest rate risk exposure is from changes in fixed rate and floating interest rates and it mainly concerns financial liabilities which are both fixed rate and floating rate. The interest from financial assets including cash balances is not significant.

The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group	
	2016	**2015**
	RMB'000	**RMB'000**
Financial assets:		
Fixed rate	184,122	121,209
Financial liabilities:		
Fixed rate	13,000	13,000

The interest rates are disclosed in the respective notes.

Sensitivity analysis: The effect on pre-tax profit is not significant.

30G. Foreign currency risk

The company and its subsidiaries are not exposed to significant foreign currency risk as their business are transacted in functional currencies, which are Singapore Dollars and Chinese Renminbi.

31. COMMITMENTS

31A. Operating lease payment commitments

At the end of the reporting year, future minimum lease payment commitments under non-cancellable operating leases are as follows:

	2016 RMB'000	2015 RMB'000
Not later than one year	1,272	1,272
Later than one year and not later than five years	212	1,484
Rental expense for the year	1,272	1,282

Operating lease payments are for rentals payable for office and factory buildings. The lease from the owner is for 3 years from June 2014. The lease rental terms are negotiated for an average term of 3 years.

31B. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	2016 RMB'000	2015 RMB'000
Purchase of plant and equipment	12,493	263
Construction of new factory buildings	4,928	11,191
	17,421	11,454

31C. Registered capital commitments for subsidiaries in the group

The total registered capital of Fujian Zixin Biological Potato Co., Ltd is RMB80,000,000. As at 31 March 2016, the accumulated amount of the registered capital contributed was RMB20,500,000 (2015: RMB13,024,000). The remaining RMB59,500,000 is required to be contributed in full by the China Star Food Holdings Pte Ltd before 10 June 2016, the group has applied to the relevant authority in the People's Republic of China for the extension of deadline to contribute the required registered capital.

The total registered capital of Fujian Xingpai Food Co., Ltd. is RMB10,000,000. As at 31 March 2016, no capital has been contributed. The RMB10,000,000 is required to be contributed in full by Fujian Zixin Biological Potato Co., Ltd before 28 October 2019.

In the event that the outstanding registered capital of Fujian Zixin Biological Potato Co., Ltd and Fujian Xingpai Food Co., Ltd. are not contributed in full by their respective due dates, a fine in the range of 5% to 15% of the amount of late capital contribution may be imposed on China Star Food Holdings Pte Ltd or Fujian Zixin Biological Potato Co., Ltd. The company may be ultimately responsible for the contribution of the outstanding registered capital of Fujian Zixin Biological Potato Co., Ltd and Fujian Xingpai Food Co., Ltd. as well as the payment of the fines imposed for the non-payment or late payment of such registered capital.

Notes to the Financial Statements

For the Reporting Year Ended 31 March 2016

32. EVENTS AFTER 31 MARCH 2016

Subsequent to the end of the reporting year, the following events took place:

(a) Completion of compliance placement

On 18 April 2016, the company completed the proposed compliance placement in compliance with minimum public float requirements as provided by Rule 1015(3)(a) read with Rule 406(1) of the Catalist Rules of the Singapore Securities Exchange Trading Limited, whereby 15% of the issued share capital of the company must be held in the hands of at least 200 public shareholders (including existing shareholders).

25,250,000 new shares (the "**Placement Shares**") with 50,500,000 free detachable warrants (the "**Warrants**"), on the basis of two (2) Warrants for every Placement Share subscribed, at the placement price of S$0.23 per Placement Share have been placed to investors under the compliance placement.

Following the completion of the compliance placement, the total issued share capital of the company has increased from 231,159,000 shares to 256,409,000 shares, being the enlarged issued and paid-up share capital after the allotment and issue of the Placement Shares.

The net proceeds from the compliance placement amounted to S$4,160,000.

(b) Resumption of trading

On 20 April 2016, the shares of the company resumed trading and the Placement Shares and Warrants commenced trading on Singapore Exchange.

33. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("**INT FRS**") were issued by the Singapore Accounting Standards Council. Those applicable to the group are listed below. These applicable new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1: Disclosure Initiative
Various	Improvements to FRSs (Issued in January 2014). Relating to: FRS 103 Business Combinations FRS 113 Fair Value Measurement FRS 24 Related Party Disclosures FRS 38 Intangible Assets
Various	Improvements to FRSs (Issued in February 2014). Relating to: FRS 103 Business Combinations FRS 113 Fair Value Measurement

34. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("**INT FRS**") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the group for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 109	Financial Instruments	1 January 2018

35. COMPARATIVE FIGURES

The financial statements for the reporting year ended 30 June 2015 were audited by other independent auditors (other than RSM LLP) whose report dated 28 August 2015 expressed an unmodified opinion on those financial statements. Before the RTO, the company had no operation or subsidiaries.

Statistics of Shareholdings

As at 21 June 2016

Class of shares	Number of issued shares excluding treasury shares	Voting Rights
Ordinary Shares	256,909,000	One vote per share

There are no treasury shares held in the issued share capital of the Company.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 - 99	4	1.21	175	0.00
100 - 1,000	18	5.44	11,000	0.00
1,001 - 10,000	110	33.23	576,725	0.22
10,001 - 1,000,000	182	54.98	14,701,625	5.73
1,000,001 and above	17	5.14	241,619,475	94.05
	331	100.00	256,909,000	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Huang Lu	84,399,000	32.85	-	-
Liang Chengwang	80,283,000	31.25		
Wang Yu Huei	15,569,600	6.06	-	-
Lee Chee Seng	13,477,000	5.25	-	-

Statistics of Shareholdings

As at 21 June 2016

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	HUANG LU	84,399,000	32.85
2.	LIANG CHENGWANG	80,283,000	31.25
3.	RAFFLES NOMINEES (PTE) LIMITED	25,456,650	9.91
4.	LEE CHEE SENG	13,477,000	5.25
5.	YANG MENG YANG	10,290,000	4.01
6.	SHANE THAM FOOK WAI	6,045,000	2.35
7.	CHEONG CHEE HWA	4,158,000	1.62
8.	YEK SIEW LIONG	2,907,500	1.13
9.	HOO SUM HAK	2,020,500	0.79
10.	CHIAR CHOON TECK	1,983,000	0.77
11.	LIM FOONG LIAT MICHAEL	1,850,000	0.72
12.	PRIMEPARTNERS CORPORATE FINANCE PTE LTD	1,750,000	0.68
13.	PHILLIP SECURITIES PTE LTD	1,602,700	0.62
14.	OCBC SECURITIES PRIVATE LIMITED	1,571,625	0.61
15.	KIU CHONG PONG @	1,500,000	0.58
16.	DB NOMINEES (SINGAPORE) PTE LTD	1,258,200	0.49
17.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,067,300	0.42
18.	LAW CHEE KHEONG	1,000,000	0.39
19.	KAO KUO-CHEN	995,000	0.39
20.	CHUNG TEIK KEONG	728,600	0.28

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Approximately 24.59% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

Statistics of Warrantholdings

As at 21 June 2016

Class of equity securities	Number of equity securities
Warrants	50,000,000

DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	Number of Warrantholders	%	Number of Warrants	%
1 - 99	-	-	-	-
100 - 1,000	-	-	-	-
1,001 - 10,000	2	4.00	15,000	0.03
10,001 - 1,000,000	42	84.00	10,886,000	21.77
1,000,001 and above	6	12.00	39,099,000	78.20
	50	100.00	50,000,000	100.00

TWENTY LARGEST WARRANTHOLDERS

No.	Name of Warrantholders	Number of Warrants	%
1.	RAFFLES NOMINEES (PTE) LTD	20,046,300	40.09
2.	MAYBANK KIM ENG SECS PTE LTD	6,442,500	12.89
3.	DBS NOMINEES PTE LTD	4,633,700	9.27
4.	LAW CHEE KHEONG	3,500,000	7.00
5.	DB NOMINEES (S) PTE LTD	3,443,500	6.89
6.	QUAH SIEW MUI	1,033,000	2.07
7.	LEE CHOONG ONN	1,000,000	2.00
8.	LEONG CHOON MENG	1,000,000	2.00
9.	LIM SER HENG	958,000	1.92
10.	ONG LEE LING JULIE	800,000	1.60
11.	DARRYL WANG YEAN JUN	759,900	1.52
12.	TAM SIEW FOONG	700,000	1.40
13.	CHOOI SIEW THIM	500,000	1.00
14.	LOW CHYE TEE	400,000	0.80
15.	ONG TAI SENG	400,000	0.80
16.	WANG DEYAN	400,000	0.80
17.	CHUA SAN CHONG	380,000	0.76
18.	TAN CHWEE TECK	350,000	0.70
19.	CHAN WENG CHIH MATTHEW(CHEN RONGZHI MATTHEW)	340,100	0.68
20.	ONG CHONG MENG THOMAS	256,000	0.51

Notice of Annual General Meeting

CHINA STAR FOOD GROUP LIMITED
(Formerly known as Brooke Asia Limited)
(Company Registration No. 200718683N)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of China Star Food Group Limited (the "**Company**") will be held at Room 303, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Friday, 29 July 2016 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company:

   Ms Huang Lu **(Resolution 2)**
   Mr Koh Eng Kheng Victor **(Resolution 3)**
   Mr Loh Wei Ping **(Resolution 4)**
   Mr Lim Teck Chai, Danny **(Resolution 5)**

   [See Explanatory Note (i)]

   Ms Huang Lu will, upon re-election, remain as a member of the Remuneration Committee.

   *Mr Koh Eng Kheng Victor will, upon re-election, remain as the Lead Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee. The Board considers Mr Koh Eng Kheng Victor to be independent pursuant to Rule 704(7) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**").*

   Mr Loh Wei Ping will, upon re-election, remain as the Chairman of the Audit Committee and a member of the Remuneration Committee. The Board considers Mr Loh Wei Ping to be independent pursuant to Rule 704(7) of the SGX-ST Catalist Rules.

   Mr Lim Teck Chai, Danny will, upon re-election, remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. The Board considers Mr Lim Teck Chai, Danny to be independent pursuant to Rule 704(7) of the SGX-ST Catalist Rules.

3. To approve the payment of Directors' fees of S$116,778 for the financial year ended 31 March 2016.
   [See Explanatory Note (ii)]
   (Resolution 6)

4. To approve the payment of Directors' fees of S$222,000 for the financial year ending 31 March 2017, payable quarterly in arrears.
   (Resolution 7)

5. To re-appoint Messrs RSM Chio Lim LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.
   (Resolution 8)

Notice of Annual General Meeting

6. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to allot and issue shares**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore ("**Companies Act**") and Rule 806 of the Catalist Rules, the Directors be authorised and empowered to:

(a) (i) issue shares in the Company ("**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, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

(b) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(notwithstanding the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) to be issued pursuant to this resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (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 shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such 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 issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) 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 which are outstanding or subsisting at the time of the passing of this resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority 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 earlier.
[See Explanatory Note (iii)]

(Resolution 9)

8. **Authority to allot and issue shares under the China Star Employee Share Option Scheme**

That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to:

(i) offer and grant options ("**Options**") from time to time in accordance with the rule of China Star Employee Share Option Scheme ("**China Star ESOS**"); and

(ii) allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options granted under the China Star ESOS,

provided always that aggregate number of Shares to be issued and issuable pursuant to the the China Star ESOS, China Star Performance Share Plan and any other share based incentive schemes of the Company, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares), on the day immediately preceding the date on which an offer to grant an Option is made and that the grant of Options can be made at any time and from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, 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 earlier.
[See Explanatory Note (iv)]

(Resolution 10)

9. **Authority to allot and issue shares under the China Star Performance Share Plan**

That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to:

(i) offer and grant awards ("**Awards**") from time to time in accordance with the rule of China Star Performance Share Plan ("**China Star PSP**"); and

(ii) allot and issue from time to time such number of shares as may be required to be issued pursuant to the vesting of Awards granted under the China Star PSP,

provided always that aggregate number of shares to be issued and issuable pursuant to the China Star ESOS, China Star PSP and any other share based incentive schemes of the Company, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, 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 earlier.
[See Explanatory Note (iv)]

(Resolution 11)

Notice of Annual General Meeting

10. **The ratification for the issuance of the Placement Shares with Warrants in relation to the Compliance Placement (as defined in the Company's announcement dated 13 April 2016)**

    That:

    (a) approval given for the Company for the issuance of Placement Shares with Warrants according to the terms under the Placement Agreement as described in the Company's announcement dated 13 April 2016 be and is hereby approved, confirmed and ratified;

    (b) authorisation given to the Directors and any of them to do all acts and things including without limitation, executing all such documents and approving any amendments, alterations, modifications to any such documents as they or he may consider desirable, expedient or necessary in connection with the Compliance Placement, as they or he may think fit in the interest of the Company be and is hereby approved, confirmed and ratified; and

    (c) any acts, matters and things done or performed, and/or documents signed, executed, sealed or delivered by the Directors and any of them in connection with the Compliance Placement be and are hereby approved, confirmed and ratified.
    [See Explanatory Note (v)]

(Resolution 12)

By Order of the Board

Kelly Kiar Lee Noi
Company Secretary
Singapore, 14 July 2016

Notice of Annual General Meeting

Explanatory Notes:

(i) This is the Company's first AGM subsequent to the completion of the reverse takeover of Brooke Asia Limited on 22 September 2015, and as a matter of good corporate governance, the existing Directors, as indicated under the Ordinary Resolutions 2 to 5 in item 2 above, have put themselves up for re-election by shareholders at this AGM. The Executive Director and Chief Executive Officer, Mr Liang Chengwang was not put up for re-election at this AGM to ensure continuity of the Group's business given that he is the only Executive Director as at the date of this notice.

(ii) The Directors' fees are for the period from 22 September 2015 (date of the completion of the reverse takeover) to 31 March 2016.

(iii) The Ordinary Resolution 9 in item 7 above, if passed, will empower the Directors, 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, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to fifty percent (50%) may be issued other than on a pro-rata basis to shareholders.

(iv) The Ordinary Resolutions 10 and 11 in items 8 and 9 above, if passed, will empower the Directors of the Company, to allot and issue shares pursuant to the exercise of Options and vesting of Awards under the China Star ESOS and China Star PSP, provided that the aggregate number of shares to be issued pursuant to the China Star ESOS and China Star PSP, when aggregated with the number of shares issued and issuable or transferred and to be transferred under any other share based incentive schemes of the Company shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) of the Company from time to time.

(v) The Company had previously obtained the approval of the shareholders at the extraordinary general meeting of the Company on 20 July 2015 ("**2015 EGM**") for, *inter alia*, the allotment and issuance of up to 101,000,000 Placement Shares (as defined in the Company's circular dated 26 June 2015 ("**Circular**")) pursuant to the Proposed Compliance Placement (as defined in the Circular).

Due to unfavourable market conditions, the Company only entered into a placement agreement on 12 April 2016 to place out an aggregate of 25,250,000 Placement Shares (following the completion of a 4:1 share consolidation) with 50,500,000 free detachable warrants (the "**Warrants**"), on the basis of two (2) Warrants for every Placement Share subscribed, at the placement price of S$0.23 per Placement Share to enhance and facilitate the completion of the Proposed Compliance Placement. As the Warrants were not issued in connection with the Proposed Compliance Placement approved by the shareholders at the 2015 EGM, the Company is seeking shareholders' ratification at this AGM for the issuance of the Placement Shares with Warrants, which is in accordance to the SGX-ST's listing and quotation notice dated 12 April 2016. It should be noted that the listing and quotation notice issued by the SGX-ST is not an indication of the merits of the Placement with Warrants, Placement Shares, Warrants, Warrant Shares, the Company, its subsidiaries and their securities.

Please refer to the Company's announcement dated 13 April 2016 for further details.

Notice of Annual General Meeting

Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the AGM.

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend 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.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the AGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member'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, 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 member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member 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, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "**relevant intermediary**").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

CHINA STAR FOOD GROUP LIMITED

(Formerly known as Brooke Asia Limited)
(Company Registration No. 200718683N)
(Incorporated in the Republic of Singapore)

Proxy Form

(Please see notes overleaf before completing this Form)

I/We, ______________________________ (full name in capital letters)

NRIC No./Passport No./Company No. ______________________________

of ______________________________ (full address)

being a member/members of **CHINA STAR FOOD GROUP LIMITED** (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting (the "**Meeting**") of the Company as my/our proxy/proxies to vote for me/us on my/our behalf at the Meeting to be held on 29 July 2016 at 9.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

The resolutions put to vote at the Meeting shall be decided by poll.

No.	Resolutions relating to:	Number of Votes For[1]	Number of Votes Against[1]
1	Adoption of the Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 31 March 2016		
2	Re-election of Ms Huang Lu as a Director of the Company		
3	Re-election of Mr Koh Eng Kheng Victor as a Director of the Company		
4	Re-election of Mr Loh Wei Ping as a Director of the Company		
5	Re-election of Mr Lim Teck Chai, Danny as a Director of the Company		
6	Approval of Directors' fees amounting to S$116,778 for the financial year ended 31 March 2016		
7	Approval of Directors' fees amounting to S$222,000 for the financial year ending 31 March 2017 to be paid quarterly in arrears		
8	Re-appointment of Messrs RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
9	Authority to allot and issue new shares		
10	Authority to issue shares under the China Star Employee Share Option Scheme		
11	Authority to issue shares under the China Star Performance Share Plan		
12	Ratification for the issuance of the Placement Shares with Warrants		

[1] *If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this __________ day of ____________________ 2016

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

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 (Cap. 289) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, 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. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, 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 proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 not less than forty-eight (48) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her 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 or under the hand of an officer or attorney duly authorised. 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.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 July 2016.

General:

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 appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Designed and Produced by **Rockstar Atelier**

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Annual Report 2016

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