CHINA STAR FOOD GROUP LIMITED
(FORMERLY KNOWN AS BROOKE ASIA LIMITED)
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200718683N)

SIGNING OF PLACEMENT AGREEMENT AND LODGEMENT OF OFFER INFORMATION STATEMENT IN RELATION TO THE PROPOSED COMPLIANCE PLACEMENT

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1. INTRODUCTION

The board of directors ("**Board**" or "**Directors**") of China Star Food Group Limited ("**Company**") refers to the announcements made by the Company on 3 October 2014, 5 November 2014, 13 January 2015, 15 January 2015, 21 January 2015, 16 April 2015, 19 June 2015, 26 June 2015, 10 July 2015, 20 July 2015, 27 July 2015, 1 September 2015, 17 September 2015, 23 September 2015, 15 October 2015, 8 December 2015, and 15 February 2016 ("**Announcements**") and the circular to shareholders of the Company dated 26 June 2015 ("**Circular**").

Capitalised terms not defined herein shall bear the same meanings ascribed to them in the Circular and the Announcements.

2. EXECUTION OF THE PLACEMENT AGREEMENT

The Board wishes to announce that it had, on 12 April 2016, for the purpose of the Proposed Compliance Placement, entered into a placement agreement (the "**Placement Agreement**") with PrimePartners Corporate Finance Pte. Ltd., pursuant to which PrimePartners Corporate Finance Pte. Ltd. has been appointed as the placement agent (the "**Placement Agent**") to place out up to an aggregate of 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 (the "**Placement Price**") (the "**Proposed Compliance Placement**").

The Sponsor confirms that, after having made due and careful enquiry and after taking into consideration the Placement Price and the theoretical price of the Warrants calculated using Black-Scholes option pricing model based on, *inter alia*, the Placement Price of the Shares, the Exercise Price (as defined below) and the Exercise Period (as defined below) of the Warrants, the Placement Price of S$0.23 for each Placement Share with two (2) free detachable Warrants is no less than the minimum placement price of S$0.20 for each Placement Share, in compliance with Rule 429 of the Catalist Rules.

3. PRINCIPAL TERMS OF THE PLACEMENT AGREEMENT

Placement Obligations

Pursuant to the Placement Agreement, the Company undertakes to offer the Placement Shares with Warrants, and the Placement Agent agrees, on a best endeavours basis, to

procure subscribers for the Placement Shares with Warrants at the Placement Price for each Placement Share on the terms and subject to the conditions of the Placement Agreement.

Pursuant to the Placement Agreement, the Placement Agent shall not offer the Placement Shares with Warrants for sale to, or procure subscriptions of or make an invitation for the Placement Shares with Warrants to or by, any person (i) who is a director or a substantial shareholder of the Company or any other person in the categories set out in Rule 812(1) of the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), save for the exceptions specified in Rule 812(3) or unless such subscription is otherwise agreed to by the SGX-ST; or (ii) which will result in that person becoming a controlling shareholder (as defined in the Catalist Rules) of the Company following completion of the Proposed Compliance Placement.

The Placement Shares with Warrants shall be issued free from all claims, pledges, mortgages, charges, liens and encumbrances and shall rank in all respects *pari passu* with the then existing issued Shares at the time of the issue except that the Placement Shares with Warrants will not rank for any dividends, rights, allotments or other distributions the record date for which falls on or before the date of the issue of the Placement Shares with Warrants.

Commission

In consideration of the agreement of the Placement Agent to procure subscribers on a best endeavours basis for the Placement Shares with Warrants, the Company agrees to pay a placement commission of 2.5% of the Placement Price multiplied by the number of Placement Shares for which the Placement Agent has procured subscribers for (excluding Goods and Services Tax of 7%) to the Placement Agent.

Conditions

The obligations of the Placement Agent under the Placement Agreement are conditional upon the performance by the Company of its obligations under the Placement Agreement and also upon, *inter alia*, the following:

(i) the listing and quotation notice for the listing and quotation of the Placement Shares, the Warrants and the Warrant Shares (as defined below) on the SGX-ST (the "**LQN**") being obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions, to the extent that any conditions for the listing and quotation of the Placement Shares, the Warrants and the Warrant Shares on the SGX-ST are required to be fulfilled on or before the date of completion of the Proposed Compliance Placement (the "**Completion Date**"), they are so fulfilled;

(ii) the OIS (as defined below) having been lodged or to be lodged with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore (the "**Authority**") on or about the date of the Placement Agreement;

(iii) the offer, allotment, issue and subscription of the Placement Shares, the Warrants and the Warrant Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore or any other jurisdiction, which is applicable to the Company or the Placement Agent;

(iv) the delivery to the Placement Agent on Completion Date, of a certificate, substantially in the form set out in the Placement Agreement, signed on behalf of the Company by its duly authorised officers;

(v) there not having occurred, in the reasonable opinion of the Placement Agent, any material adverse change, or any development reasonably likely to involve a prospective material adverse change, whether or not arising from transactions in the ordinary course of business, subsequent to the date of the Placement Agreement which, in the opinion of the Placement Agent, is or is reasonably likely to be materially adverse in the context of the Proposed Compliance Placement or is reasonably likely to prejudice materially the success of the Proposed Compliance Placement or dealings in the Placement Shares in the secondary market; and

(vi) the representations, warranties and undertakings of the Company under the Placement Agreement remaining true and correct in all material respects as at the Completion Date and the Company having performed all of its obligations hereunder to be performed on or before the Completion Date.

Completion

It is intended that completion of the Proposed Compliance Placement will take place on the date falling no later than five (5) Business Days after the date of lodgement of the OIS (as defined below) (or such other date as the Company and the Placement Agent may agree in writing).

The Company had, on 6 April 2016, made an application through the Sponsor to the SGX-ST for the listing and quotation of the Placement Shares, the Warrants, and the Warrant Shares on the Catalist of the SGX-ST.

The SGX-ST had, on 12 April 2016, issued a listing and quotation notice for the Placement Shares, the Warrants and the Warrant Shares on the Catalist of the SGX-ST, subject to, *inter alia*, the following:

(i) compliance with the SGX-ST's listing requirements;

(ii) submission of a written undertaking from the Company it will seek shareholders' ratification for the issuance of the Placement Shares with Warrants;

(iii) disclosure of:

(a) the written irrevocable undertakings by Liang Chengwang, Huang Lu, Lee Chee Seng and Wang Yu Huei to support the Placement with Warrants in the Company's announcement of the Placement with Warrants;

(b) the Sponsor's written confirmation that the Company has complied with Catalist Rule 429 and the basis for the confirmation, in the Offer Information Statement; and

(iv) submission of a written confirmation that a sufficient spread in the Warrants as required under Catalist Rule 826 is complied with.

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.

4. PRINCIPAL TERMS OF THE WARRANTS ISSUE

Each Warrant shall carry the right to subscribe for one (1) new Share (each a "**Warrant Share**", and collectively, the "**Warrant Shares**") at the exercise price of S$0.33 (the "**Exercise Price**") payable in cash, subject to the terms and conditions of the Warrants as set out in a deed poll executed by the Company on 12 April 2016 for the purpose of constituting the Warrants (the "**Deed Poll**").

Pursuant to the Deed Poll, the Company had entered into a warrant agency agreement with Boardroom Corporate & Advisory Services Pte. Ltd. on 12 April 2016, appointing Boardroom Corporate & Advisory Services Pte. Ltd. as the Company's warrant agent in respect of the Warrants (the "**Warrant Agent**"). A copy of the Deed Poll may be inspected at the registered office of the Warrant Agent, at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, during normal business hours from the date of this announcement.

Form and subscription rights of the Warrants

The Warrants will be issued in registered form and subject to the terms and conditions of the Warrants set out in the Deed Poll (the "**Conditions**"). Each Warrant will carry the right to subscribe for one (1) Warrant Share at the Exercise Price of S$0.33 for each Warrant Share at any time during normal business hours on any Business Day during the period commencing on and including the date of the issue of the Warrants and expiring at 5:00 pm on the date immediately preceding the second (2^{nd}) anniversary of the date of the issue of the Warrants ("**Exercise Period**"), but excluding such period(s) during which the register of holders of Warrants may be closed pursuant to the terms and conditions of the Warrants as set out in the Deed Poll. The Warrants which have not been exercised after the Exercise Period shall lapse and cease to be valid for any purpose.

Authority to issue the Warrants

The Warrants will be issued and allotted pursuant to the general mandate ("**Share Issue Mandate**") obtained at the annual general meeting of the Company held on 22 September 2015 ("**2015 AGM**"), which authorised the Directors of the Company to allot and issue new Shares and convertible securities not exceeding 100% of the enlarged share capital (excluding treasury shares) of the Company following the Proposed Acquisition, of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to shareholders shall not exceed 50% of the enlarged share capital (excluding treasury shares) of the Company following the Proposed Acquisition.

Following the completion of Proposed Acquisition and the 4 for 1 share consolidation exercise by the Company, the share capital (excluding treasury shares) of the Company comprises 231,159,000 Shares. No Shares were issued under the Share Issue Mandate since the 2015 AGM. As such, the total number of Shares that may be issued pursuant to the Share Issue Mandate is 231,159,000 Shares, of which the maximum number of Shares to be issued other than on a pro-rata basis is 115,579,500 Shares. The issuance and allotment of 50,500,000 Warrant Shares arising from the exercise of 50,500,000 Warrants will fall within the limits of the Share Issue Mandate.

Notwithstanding the above, the Company has provided a written undertaking to the SGX-ST that it will seek shareholders' ratification for the issuance of the Placement Shares with Warrants.

Trading of the Warrants

The Warrants will be issued in registered form and will be listed and traded separately on Catalist under the book-entry (scripless) settlement system, upon the listing and quotation of the Warrants on Catalist, subject to, amongst others, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants.

Status of the Warrant Shares

The Warrant Shares allotted and issued upon the exercise of the Warrants shall be fully paid and shall rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments and other distributions the Record Date for which is before the relevant Exercise Date of the Warrants.

For the purpose of this section, "**Record Date**" means, in relation to any dividends, rights, allotments or other distributions, the date at the close of business on which Members must be registered in order to participate in such dividends, rights, allotments or other distributions.

Adjustments

The Exercise Price and/or the number of Warrants to be held by each registered holder of the Warrants (the "**Warrantholder**") will, after their issue, be subject to adjustments under certain circumstances set out in the Deed Poll. Such circumstances include, without limitation, consolidation or subdivision of Shares, capitalisation issues, rights issues and certain capital distributions. Any such adjustments shall (unless otherwise provided under the Catalist Rules from time to time) be announced by the Company to the SGX-ST via an announcement on SGXNET.

Winding Up

Where notice is given by the Company to its Shareholders to convene a meeting for the members' voluntary winding-up of the Company, each Warrantholder may elect to be treated as if he had on such date been the holder of the Warrant Shares to which he would have become entitled pursuant to such exercise.

Notice of Expiry

The Company shall, not later than one (1) month before the expiry of the Exercise Period (the "**Expiry Date**")**,** announce the expiry of the Exercise Period on SGXNET. In addition, the Company shall, not later than one (1) month before the Expiry Date, notify the Warrantholders in writing of the Expiry Date in accordance with the terms and conditions of the Deed Poll.

Alterations to Terms

Unless made in accordance with the Deed Poll, any alteration to the terms of the Warrants to the advantage of the Warrantholders after the issue thereof shall be subject to the approval of the Shareholders in a general meeting.

Governing Law

The Warrants and the Deed Poll are governed by the Laws of the Republic of Singapore.

5. USE OF PROCEEDS

Assuming that (i) all 25,250,000 Placement Shares are issued at the Placement Price and none of the Warrants are exercised ("**Minimum Scenario**"), and (ii) assuming that all 25.250,000 Placement Shares are issued at the Placement Price and all Warrants are exercised at the Exercise Price ("**Maximum Scenario**"), the Company expects to receive net proceeds of S$4.2 million and S$20.8 million respectively (the "**Net Proceeds**" as the case may be).

The Company intends to apply the Net Proceeds for the expansion of production capacity including the purchase of plant, machinery and equipment for the new factory and office building of Fujian Zixin, and for general working capital purposes of the Group.

The following table sets out the breakdown of the use of proceeds and the estimated expenses incurred:

	Minimum Scenario[1]		**Maximum Scenario[2]**	
Use of proceeds	**Amount in aggregate (S$'000)**	**Estimated amount allocated for each dollar of gross proceeds to be raised (cents)**	**Amount in aggregate (S$'000)**	**Estimated amount allocated for each dollar of gross proceeds to be raised (cents)**
Expansion of production capacity including the purchase of plant, machinery and equipment for the new factory and office building of Fujian Zixin	1,335	23.0	16,000	71.2
General working capital	2,825	48.6	4,825	21.5
Net Proceeds	**4,160**	**71.6**	**20,825**	**92.7**
Listing and other expenses				
Listing fees	30	0.5	30	0.1
Professional fees	1,453	25.0	1,453	6.5
Placement commission [3]	145	2.5	145	0.6
Miscellaneous expenses	20	0.4	20	0.1
Gross Proceeds	**5,808**	**100.0**	**22,473**	**100.0**

Notes:

(1) Based on the assumption that all the Placement Shares are issued at the Placement Price and none of the Warrants is exercised.

(2) Based on the assumption that all the Placement Shares are issued at the Placement Price and all of the Warrants are exercised at the Exercise Price.

(3) The placement commission, agreed between Placement Agent and the Company, is 2.5% of the Placement Price payable for each Placement Share successfully subscribed for.

Pending the deployment of the Net Proceeds, the funds may be placed in short-term deposits with financial institutions and banks or invested in money making instruments on a short term basis as the Directors may, in their absolute discretion, deem fit.

The Company will make periodic announcements as and when the proceeds from the Proposed Compliance Placement are materially disbursed. The Company will also provide a status report on the use of Net Proceeds in its annual report as well as in the Company's quarterly and full year financial statements issued under Rule 705 of the Catalist Rules. Where the net proceeds have been used for working capital purposes, the Company will

disclose a breakdown with specific details on how the net proceeds have been applied in the announcements and status reports.

In the event that any part of the proposed uses of the Net Proceeds does not materialise or proceed as planned, the Board will carefully evaluate the situation and may reallocate the intended funding to other purposes and/or hold such funds on short-term deposits for so long as they deem it to be in the best interests of the Group and Shareholders taken as a whole. The Audit Committee will monitor the use of proceeds and any change in the proposed use of proceeds in respect of the new factory and office building of Fujian Zixin will be subject to Shareholders' approval and the Catalist Rules, and appropriate announcements will be made by the Company via SGXNET.

In the opinion of the Directors, after taking into consideration the Group's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. No minimum amount needs to be raised by the Proposed Compliance Placement save for the need for the Company to comply with the minimum public float requirement as provided by Rule 1015(3)(a) read with Rule 406(1) of the Catalist Rules, 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), being the rationale for the Proposed Compliance Placement. Due to unfavourable market conditions and based on feedback from the investors, free Warrants are attached to the Placement Shares to enhance the attractiveness of the Proposed Compliance Placement and thereby facilitate completion of the Proposed Compliance Placement.

6. SUPPORT BY CONTROLLING SHAREHOLDERS

The shareholders of the Company, namely Liang Chengwang, Huang Lu, Lee Chee Seng and Wang Yu Huei who collectively hold 191,436,000 Shares, representing approximately 82.82% of the existing share capital of the Company as at the date of this announcement, have undertaken to support the Proposed Compliance Placement.

7. LODGEMENT OF THE OFFER INFORMATION STATEMENT

The Proposed Compliance Placement will be carried out pursuant to the exemption under Section 277 of the SFA. An offer information statement in relation to the Proposed Compliance Placement (the "**OIS**") has been lodged by the Company on 13 April 2016 with the SGX-ST acting as agent on behalf of the Authority**.** A copy of the OIS may be found on the website of the SGX-ST at www.sgx.com.

8. FURTHER ANNOUNCEMENTS

The Company will make such announcement(s) as may be necessary and/or appropriate in relation to the Proposed Compliance Placement, including but not limited to the completion of the Proposed Compliance Placement in due course.

9. SHAREHOLDING INTERESTS

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Compliance Placement. The changes in shareholding interests of the Directors, substantial shareholders and other shareholders pursuant to the Proposed Compliance Placement are expected to be as follows:

	Before the Proposed Compliance Placement		After the Proposed Compliance Placement (assuming that the Warrants are not exercised)		After the Proposed Compliance Placement (assuming that all the Warrants are exercised)	
	Number of shares	% [(1)]	Number of shares	% [(2)]	Number of shares	% [(3)]
Directors						
Liang Chengwang	80,283,000	34.73	80,283,000	31.31	80,283,000	26.16
Huang Lu	84,399,000	36.51	84,399,000	32.92	84,399,000	27.50
Koh Eng Kheng Victor	-	-	-	-	-	-
Loh Wei Ping	-	-	-	-	-	-
Lim Teck Chai, Danny	-	-	-	-	-	-
Substantial Shareholders						
Lee Chee Seng	13,377,000	5.79	13,377,000	5.22	13,377,000	4.36
Wang Yu Huei	13,377,000	5.79	13,377,000	5.22	13,377,000	4.36
Other shareholders[(4)]	26,314,000	11.38	26,314,000	10.25	26,314,000	8.57
Public Shareholders						
Existing shareholders	13,409,000	5.80	13,409,000	5.23	13,409,000	4.37
Placement Shares	-	-	25,250,000	9.85	25,250,000	8.23
Warrant Shares	-	-	-	-	50,500,000	16.45
Total	231,159,000	100	256,409,000	100	306,909,000	100

Notes:

(1) Based on the existing share capital of Company of 231,159,000 Shares.

(2) Based on the enlarged share capital of the Company of 256,409,000 Shares.

(3) Based on the enlarged share capital of the Company, assuming all Warrants are exercised in full, of 306,909,000 Shares.

(4) Comprises shares held by the Pre-RTO CSFH Shareholders (excluding Lee Chee Seng and Wang Yu Huei), the Arranger and PPCF, which are subject to moratorium.

10. DIRECTORS' RESPONSIBILITY STATEMENT

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

11. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when trading in the shares of the Company. Shareholders and potential investors should note that the Proposed Compliance Placement is subject to the conditions above. There is no certainty or assurance as at the date of this announcement that the Proposed Compliance Placement will be completed, or that no changes will be made to the terms thereof.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Where in doubt as to the action they should take, Shareholders and potential investors should consult their legal, financial, tax or other professional advisors.

By Order of the Board

Liang Chengwang
Executive Chairman and Chief Executive Officer
13 April 2016

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

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

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