

Supplementary Prospectus

Important information

This supplementary prospectus (**Supplementary Prospectus**) of Star Combo Pharma Ltd ACN 615 728 375 (**Star Combo or Company**) is dated 1 May 2018 and was lodged with ASIC on that date under section 719 of the Corporations Act.

This Supplementary Prospectus supplements the Replacement Prospectus dated 23 February 2018 issued by Star Combo and lodged with ASIC on that date, and must be read in conjunction with, the Replacement Prospectus.

Terms used in this Supplementary Prospectus have the same meaning as in the Replacement Prospectus unless otherwise defined or the contrary intention appears. Other than the changes set out in this Supplementary Prospectus, all other details in relation to the Replacement Prospectus remain unchanged. If there is a conflict between the Replacement Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

ASIC and ASX take no responsibility for the contents of this Supplementary Prospectus or the Replacement Prospectus.

1 Purpose of the Supplementary Prospectus

Star Combo has issued this Supplementary Prospectus for the purpose of:

- (a) advising investors that the Company appointed a new independent Non-Executive Director to the Board, Mr Craig Bottomley on 17 April 2018;
- (b) providing a capital structure table;
- (c) providing an updated pro forma historical statement of financial position;
- (d) correcting and clarifying a number of minor items;
- (e) providing additional disclosure around the terms of the options granted by the Company;
- (f) providing additional disclosure around the Company's equity incentive plan; and
- (g) advising that the Company intends to apply for a waiver of Listing Rule 10.1 in respect of a related party lease arrangement.

Star Combo does not consider that any of the information in this Supplementary Prospectus is materially adverse from the point of view of a potential investor, but given the purpose of the Replacement Prospectus, Star Combo wishes to ensure that it is updated to reflect certain events that have taken place since it was lodged with ASIC and correct and clarify information contained in the Replacement Prospectus.

2 Updates to the Replacement Prospectus

2.1 Capital Structure

The Company's shareholdings as at the date of this Supplementary Prospectus and the expected shareholdings of the Company on Completion of the Offer are as set out below:

Share holders	Shares on Supplementary Prospectus date	Shareholding on Supplementary Prospectus Date (%)	Shares on Completion of the Offer ¹	Shares on Completion of the Offer (%)
Star Zhang	38,165,510	62.6%	38,165,510	50.5%
Su Zhang	11,448,980	18.8%	11,448,980	15.2%
Huilin Lu	385,510	0.6%	385,510	0.5%
Lepu Medical (Europe) Cooperatief U.A.	11,000,000	18.0%	11,000,000	14.6%
DFK Richard Hill & its nominees ²			179,000	0.2%
Terry White Group ³			100,000	0.1%
Ovina Biopharmaceuticals Pty Ltd ⁴			100,000	0.1%
Richlink Capital Pty Ltd ⁵			2,526,315	3.3%
New Shareholders under the Offer			11,600,000	15.4%
Total	61,000,000	100%	75,505,315	100%

Rights attaching to shares are summarised in Section 10.10 (Rights attaching to Shares) (pages 106 – 109) of the Replacement Prospectus.

Notes:

1) This assume maximum subscription is achieved under the Offer.

2) Refer to Section 10.6(i) (Material Contracts – DFK Richard Hill) of the Replacement Prospectus and section 2.11 of this Supplementary Prospectus for more details.

3) Shares will be issued 3 days prior to Shares being issued under the Replacement Prospectus, pursuant to a Sale Deed with Terry White. Refer Section 10.6(e) (Material Contracts – Terry White) (pages 102 – 104) of the Replacement Prospectus and Section 2.8 below for the key terms of this agreement.

4) Refer to Section 10.6(f) (Material Contracts (pages 104 – 105) of the Replacement Prospectus and Section 2.9 in this Supplementary Prospectus for more details.

5) Refer Section 10.6(b) (Material Contracts – Financing Arrangements (pages 101 – 102) of the Replacement Prospectus and Section 2.6(a) below for more details.

Unlisted options

Following completion of the Issue, the Company will have the following unlisted options

	Number	%	
Issued to investor (Richlink) ¹	3,960,171	65%	
Issued to Directors ²	1,800,000	30%	
Issued to Ovina Biopharmaceuticals Pty Ltd ³	300,000	5%	
Total	6060171	100%	

Terms and conditions of the options are summarised in Section 7.5 and 10.6 of the Replacement Prospectus, and further set out in this Supplementary Prospectus in Section 2.12.

Notes:

- 1) Refer to Section 10.6 of the Replacement Prospectus, and 2.6(b) and note 7(a) of Section 2.3 of this Supplementary Prospectus for more details.
- 2) Refer to Section 6.1 and 10.2 of the Replacement Prospectus, and Section 2.5 and note 7(b) of Section 2.3 of this Supplementary Prospectus for more details.
- 3) Refer to Section 10.6 of the Replacement Prospectus, and Section 2.9 and note 7(c) of Section 2.3 of this Supplementary Prospectus for more details.

2.2 Update to Important Dates

By way of update to the Important Dates section in the Replacement Prospectus (page 8), the expected key dates are as follows:

Replacement Prospectus lodged with ASIC	23 February 2018
Offer open (Offer Open Date)	27 February 2018
Supplementary Prospectus lodged with ASIC	1 May 2018
Offer close	27 April 2018
Settlement	4 May 2018
Expected dispatch of holding statements	8 May 2018
Expected commencement of trading on ASX	16 May 2018

The dates above are indicative only and may change without notice. Star Combo reserves the right to vary the dates of the Offer without notice including, subject to the Listing Rules and the Corporations Act, to close the Offer early, extend the Offer or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before Closing, in each case without notifying any recipient of the Replacement Prospectus or Applicants.

2.3 Pro Forma Historical Statement of Financial Position

The Replacement Prospectus only provided a pro-forma statement of financial position as at 30 June 2017 reflecting the minimum subscription level of \$3 million. The Offer has been oversubscribed and accordingly the Company wishes to disclose the pro-forma statement of financial position as at 30 June 2017 reflecting maximum subscription.

The Replacement Prospectus is amended by table 5 in Section 7.5 (Statutory historical statement of financial position and pro forma historical statement of financial position) (page 72) and the notes to the statements in section 7.5 of the Replacement Prospectus being replaced by the table and notes below to reflect the maximum subscription level.

(a) Overview

Table 5 below sets out the pro forma adjustments that have been made to the audited statutory historical statement of financial position for Star Combo Australia at 30 June 2017. The pro forma statement of financial position for Star Combo has taken into account the effect of, amongst other things, the Offer proceeds, transaction expenses and other material transactions. These adjustments reflect the impact of the changes in capital structure that took place on 1 February 2018, as if they had occurred on, or were in place, as at 30 June 2017.

Table 5: Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position as at 30 June 2017.

\$	Note	Statutory Historical	Total pro-forma adjustment	Pro forma Historical at Maximum Subscription
		30/06/2017		30/06/2017
Assets				
Cash and cash equivalents	2,4,5,8	6,205,913	4,001,130	10,207,043
Trade and other receivables	2,6	4,100,166	(1,127,865)	2,972,301
Inventories		2,409,963	-	2,409,963
Other receivables		-	8,136	8,136
Other current assets		32,243	-	32,243
Total current assets		12,748,285	2,881,402	15,629,687
Loan receivable				
Property, plant and equipment		2,593,807	-	2,593,807
Intangible Assets	4	-	500,000	500,000
Investment in subsidiary			-	

\$	Note	Statutory Historical	Total pro-forma adjustment	Pro forma Historical at Maximum Subscription
		-		-
Deferred Tax Assets	3	127,966	464,745	592,711
Total non-current assets		2,721,773	964,745	3,686,518
		-		-
Total assets		15,470,058	3,846,147	19,316,205
Liabilities				
Borrowings - current	5	1,034,558	(1,034,558)	-
Trade and other payables		1,918,890	200,000	2,118,890
Current employee benefits		70,748	-	70,748
Provision for tax		1,401,204	34,785	1,435,989
Other current liabilities		-	-	-
Total current liabilities		4,425,400	(799,773)	3,625,627
		-		-
Borrowings - non current	5	585,898	(585,898)	-
Non-current employee benefits		9,500	-	9,500
Total current liabilities		595,398	(585,898)	9,500
		-		-
Total liabilities		5,020,798	(1,385,671)	3,635,127
		-		-
Net assets		10,449,260	5,231,818	15,681,078
		-		-
Equity				
Issued capital	2,3,4,8,9	5,001,100	6,937,211	11,938,311
Issued shares to acquire Star Combo	1a		19,275,510	19,275,510
Issued shares to acquire Costar Pharma	1b		11,224,490	11,224,490
Restructure adjustment	1c		(30,500,000)	(30,500,000)

\$	Note	Statutory Historical	Total pro-forma adjustment	Pro forma Historical at Maximum Subscription
Net restructure adjustments		-	-	-
Option reserve	7	-	503,704	503,704
Retained earnings	2,3,6,7,8,9	5,448,160	(2,209,097)	3,239,063
Total equity		10,449,260	5,231,818	15,681,078

Notes:

- Under the merger accounting principles, the acquirer accounts for the combination as follows:
 - The assets and liabilities of the combining entities are recorded at their carrying amounts reported in the combined financial statements and not at fair value.
 - Intangible assets and contingent liabilities are only recognised to the extent that they were recognised by the acquirer in accordance with applicable standards in AAS.
 - No goodwill is recorded. The difference between the acquirer's costs of investment and the acquiree's equity is presented separately as a restructure adjustment.
 - Any expense of the combination is written off immediately in the statement of comprehensive income.
 - Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

The material below details the restructure adjustments made under issued shares in Table 5 above:

- Pursuant to the Restructure, and as set out in Section 5.2 of the Replacement Prospectus, this represents the value of 38,551,020 shares issued to the shareholders of Star Combo Australia for Star Combo to acquire all shares in that company.
 - Pursuant to the Restructure, and as set out in Section 5.2 of the Replacement Prospectus, this represents the value of 22,448,980 shares issued to the shareholders of Costar Pharma for Star Combo to acquire all shares in that company.
 - Relates to restructure adjustment to bring issued capital from market value back down to the historic aggregated value. The internal increase in market value isn't allowed as it doesn't fall under a business combination due to common control pre and post restructure.
- On completion of the offer it is expected that cash and cash equivalents will increase by \$7,000,000 offset by transaction costs payable of \$1,187,488. As at 30 June 2017, Star Combo Australia had already spent \$304,662 on items IPO-related, which had been classified as a receivable and not immediately expensed when incurred. Of the total \$1,492,150 transaction costs, \$304,878 are costs directly related to the offer and will be offset against equity raised in the offer in accordance with Australian Accounting Standards. The balancing amount \$1,187,272 represents costs relating to the Listing that will be expensed (see Section 7.1(b) of the Replacement Prospectus for details of transaction costs).
 - Transaction costs have been assessed for deductibility for tax purposes. A deferred tax asset of approximately \$447,645 (\$91,463 offset against issued capital and \$356,182 expensed) has been raised for transaction costs that are deductible over a period of time.
 - Post 30 June 2017, Star Combo Australia acquired the Living Healthy brand from Terry White for \$500,000. Star Combo Australia paid 50% in cash at the date of acquisition. Terry White have the option to have the balance settled via cash or shares in the Company. The parties have agreed to settle the remaining \$250,000 payable with \$50,000 in shares in the Company at \$0.50 per share and \$200,000 in cash.

5. Star Combo intends to utilise a portion of the proceeds from the capital raise to repay bank debt with a balance of \$1,620,456 at 30 June 2017.
6. Star Combo had \$823,203 of shareholder loans on issue as at 30 June 2017. Interest income accrued of \$76,797 had not been previously recorded, resulting in a revised shareholder loan payable to the Company of \$900,000. In December 2017 the loan (and all interest accrued) was settled via a dividend declared by Star Combo Australia to its shareholders.
7. Subsequent to 30 June 2017 Star Combo::
 - a. pursuant to the listing, will issue 3,960,171 options to cornerstone investor, Richlink, exercisable at total \$1,800,000 within 3 months from listing. Management has valued the options at \$256,914. The option gives Richlink the right to subscribe for that number of further Shares in Star Combo (Option Shares) that results in Richlink receiving a 7.5% discount (on average across both the subscription shares and the Option Shares) to the Offer Price. Based on the anticipated Offer price of \$0.50 per share, it is expected that Richlink will be issued 3,960,171 Option Shares, being approximately 5.0% of the new total issued capital in Star Combo and 5.25% of the total issued capital in Star Combo before the issue of the Option Shares. For further details, please refer to Section 10.6(b) of the Replacement Prospectus and Section 2.6 of this Supplementary Prospectus.
 - b. granted 1,000,000 options to the chairman of the board, Richard Allely and 800,000 options to Non-Executive Director Craig Bottomley, exercisable at \$0.625 per share within 3 years from listing date. Management has valued the options at \$232,363. Mr Allely and Mr Bottomley can exercise the options in whole or in part. As at the Prospectus Date, they have not exercised the options. For further details, please refer to Section 10.2(b) of the Replacement Prospectus and Section 2.5 of this Supplementary Prospectus
 - c. Ovina, a contractor of Star Combo was granted a total 400,000 options exercisable in four separate tranches. Management has valued these options at a total of \$39,427:
 - Tranche 1: 100,000 options exercisable pre IPO at 50% of the share price at listing. Ovina has exercised these options and will be issued 100,000 Shares as part of the Offer.
 - Tranche 2: 100,000 options exercisable within one year of listing at \$0.55 per share.
 - Tranche 3: 100,000 options vesting one year post listing and exercisable within one year thereafter at an exercise price of \$0.60 per share.
 - Tranche 4: 100,000 options vesting two years post listing and exercisable within one year thereafter at \$0.65 per share.

The options reserve has been raised to account for the value of the options, which have been expensed as share based payments through retained earnings.

8. Per Tranche 1 above, Ovina was granted options that are exercisable pre IPO at a 50% discount to the share price at listing. Star Combo will issue 100,000 shares to Ovina in exchange for \$25,000. The \$25,000 discount has been expensed and reflected in retained earnings. Please refer to Section 10.6(f) of the Replacement Prospectus.
9. An amount of \$81,364, being part of fees payable (excluding GST) to advisor DFK Richard Hill are to be settled by issuance of 179,000 ordinary shares at \$0.50 per share.

The table below sets out the offer costs based on maximum subscription. Table 9, Section 7.6 (Public Company and IPO) (page 76) of the Replacement Prospectus is updated and replaced with the following.

OFFER COSTS	A\$7m - Max Subscription
	\$7000000
ASX LISTING FEE	\$100,000
ASIC FEE	
LEAD MANAGER	\$
	\$
NOTE:	
INVESTIGATING ACCOUNTANT	\$100,000
TAXATION	\$57,000
AUDIT	\$149,000
GROWTH MANTRA	\$150,000
LEGAL FEES	\$150,000
ADVISORY FEES	\$198,150
PROSPECTUS LIABILITY INSURANCE - NOT TAKEN SO NIL	
PUBLIC RELATIONS	\$25,000
PRINTING AND DESIGN	\$20,000
ROAD SHOW EXPENSES	\$25,000
NON DEAL ROADSHOW EXPENSES	\$10,000
CONTINGENCY	\$20,000
TOTAL	<u>1,492,150</u>

2.4 Corrections

(a) The Company will not trade on a conditional and differed basis

The Replacement Prospectus incorrectly refers to the Company trading on a conditional and deferred basis. The Company will only commence trading on a normal settlement basis.

Section 6.10 (Commencement of Trading) page 62 of the Replacement Prospectus is deleted and replaced with the following:

It is expected that trading of the Shares on the ASX will commence on or around 16 May 2018.

The contracts formed on acceptance of Applications will be conditional on the ASX agreeing to quote the Shares on the ASX, and on issue occurring. Trading is expected to commence on or about 16 May 2018.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If Shares are sold before receiving a holding statement, Applicants do so at their own risk. Star Combo and the Lead Manager disclaim all liability, whether in negligence or otherwise, if a Shareholder sells Shares before receiving a holding statement, even if the Shareholder obtained details of their holding from the Star Combo Offer Information Line or confirmed their firm allocation through a Broker.

Other references to deferred and conditional trading appear in the Replacement Prospectus in the "Important Information" Section (lodgement and listing) (page 4), the "Important Dates" Section (page 8) and Section 6.2 (ASX Listing) (page 58). The Replacement Prospectus is amended by deleting the references to deferred and conditional trading in these sections.

(b) Voluntary escrow arrangements

Section 10.4 (Voluntary Escrow Arrangements) (page 100) of the Replacement Prospectus describes the voluntary escrow arrangements entered into by Star Zhang, Su Zhang and Huilin Lu. All Escrowed Shares are held for a period of 24 months, which is reflected in the Replacement Prospectus, save for at page 100 which incorrectly states that:

- 25% of the Escrowed Shares will be released from the escrow arrangements on the day after Star Combo's results for FY18 are released to ASX; and
- 75% of the Escrowed Shares will be released from the escrow arrangements on the day after Star Combo's results for FY19 are released to ASX.

This is an error. To clarify, all Escrowed Shares are held for a period of 24 months from Listing. No other disposal restrictions apply. The Replacement Prospectus is amended by deleting the two paragraphs on page 100 set out above.

(c) Key Offer Details

The Replacement Prospectus sets out a section on the Key Offer Details (page 9). This section is incorrect. The Replacement Prospectus is amended by deleting the section on the Key Offer Details.

2.5 Appointment of Non-Executive Director

On 17 April 2018, the Company appointed Mr Craig Bottomley as an independent Non-Executive Director. The Replacement Prospectus is amended as follows:

In Section 4.1 (Board of Directors) (page 43) include the following at the end of figure 18:

Craig Bottomley

Non-Executive Director

Appointment

On 17 April 2018, the Company appointed Mr Craig Bottomley as an independent Non-Executive Director.

Experience

- Craig is currently the Executive Chairman and a founder of Building Interactive Pty Ltd, a technology company established in 2015 that provides a software platform for participants in the real estate sector.
- Craig has over 20 years' experience in establishing and developing commercial ventures covering various industries, including pharmaceuticals, technology and personal care products.
- Craig served as Chairman of Real Estate Agent Select Pty Ltd from 2014 to 2016. The company is an independent lead generation business in real estate. Mr Bottomley assisted in securing funding, strategy and establishing corporate governance policies.
- Craig was a founder of ASX listed company Mayne Pharma Group Limited, serving as Chief Operating Officer and a Director from 2005 to 2010. He was one of the key team members who facilitated the acquisition of Mayne Pharmaceuticals International Pty Ltd in 2009. Mayne Pharma currently ranks in the S&P/ASX 200 index.
- Craig was a founder and a Director of ASX listed company BWX Limited from 2013 to 2017. His role focused on strategy, acquisitions and securing funding to grow the company from a private personal care manufacturing business to a vertically integrated manufacturing and branded ASX listed business; the most significant acquisition being the brand Sukin, which was acquired in 2015. BWX Limited became a listed ASX company in 2015 and currently ranks in the S&P /ASX 300 index.

Interests in shares and options

On 17 April 2018, Mr Craig Bottomley was granted 800,000 options to be issued as fully paid ordinary shares in the capital of the company at an exercise price of \$0.625 a share on terms set out in an option agreement entered into with the company.

The options will expire on 11 May 2021 and any options not exercised before this date will automatically lapse. As at the date of this Supplementary Prospectus, Mr Bottomley has not exercised the options.

2.6 Correction to the number of Subscription Shares and Option Shares issued to Richlink

a. Subscription Shares

Section 10.6(b) (Material Contracts - Financing Arrangements) (page 101) incorrectly states that Richlink will be issued 2,520,000 Subscription Shares pursuant to the Richlink Agreement. Richlink will in fact be issued 2,526,315 Subscription Shares, being approximately 4% of the total issued capital in Star Combo at the IPO. The Replacement Prospectus is amended accordingly.

b. Subscription Options

Section 6.1 (The Offer) (page 58) and Section 7.5 (Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position) (page 74) incorrectly states that Richlink will be receiving 3,600,000 options. Richlink will in fact be receiving 3,960,171 options. The Replacement Prospectus is amended accordingly.

2.7 Correction to definition of Offer Document – no Institutional Offer

The definition of Offer Document on page 117 in the Replacement Prospectus incorrectly refers to an Institutional Offer. There is no Institutional Offer occurring as part of the Offer. The correct definition is set out below.

Offer Documents: The documents issued or published by or on behalf of the Company in respect of the Offer, including the Prospectus, any Application Forms and any supplementary or replacement prospectus.

The Replacement Prospectus is amended by deleting the current definition of the Offer Document and replacing it with the above.

2.8 Consideration under the Terry White Sale Deed

Section 10.6(e) (Material Contracts - Terry White) (pages 102-103) of the Replacement Prospectus describes the arrangements in place with Terry White Group. By way of update, Terry White has elected to receive \$50,000 of the deferred consideration payable under the Sale Deed as Shares. This amounts to 100,000 Shares which will be issued 3 business days prior to shares being issued under the Replacement Prospectus, in accordance with the Sale Deed. Terry White is taking the remaining \$200,000 as cash consideration which will be paid on the same day.

If Star Combo does not pay the deferred consideration on the required date Terry White has the right to immediately transfer back to itself the Living Healthy Brand.

2.9 Options exercised by Ovina Biopharmaceuticals

Section 10.6(f) (Material Contracts - Research and Development) (page 104) of the Replacement Prospectus describes the arrangements in place with Ovina Biopharmaceuticals. The Replacement Prospectus incorrectly stated that Ovina had been granted four tranches of options by Star Combo Australia to subscribe for and be allotted shares in Star Combo Australia.

Ovina has in fact been granted these options by Star Combo to subscribe for shares in Star Combo.

Ovina does not hold any options or shares in Star Combo Australia.

By way of update, Ovina has now exercised the option to subscribe for shares in the first tranche (being 100,000 Shares) in Star Combo. These shares will be issued as part of the Offer to Ovina and this is reflected in the updated Capital Structure Table.

The Company will enter into voluntary escrow arrangements under which Ovina will hold and not transfer the Shares allotted under the agreement for a period of one year after allotment.

2.10 Waiver from Listing Rule 10.1

Section 10.7 (Related Party Transactions) (pages 105-106) of the Replacement Prospectus describes the related party lease arrangements in place between Star Combo Australia and Antoine International for Star Combo's headquarters.

As the aggregated lease payments for the initial ten year period will be in excess of 5% of the Company's equity interests, this is an arrangement that requires approval of ordinary shareholders of the Company under Listing Rule 10.1.

The Company is seeking a waiver from ASX from Listing Rule 10.1 at the time of admission, such that it does not have to seek shareholder approval following listing for this related party lease arrangement. Subscription of shareholders under the Replacement Prospectus is regarded as their approval to the related party arrangement.

2.11 Issue of shares to DFK Richard Hill

Section 10.6(i) (Material Contracts - DFK Richard Hill) (page 105) of the Replacement Prospectus states that there will be an issuance of shares to DFK Richard Hill no later than five business days following the listing.

By way of update, DFK Richard Hill will now be issued these shares on Completion of the Offer. Specifically, DFK Richard Hill will receive 179,000 shares as part of the Offer and this has been included in the updated Capital Structure.

2.12 Details of option terms

Section 7.5 (Statutory historical statement of financial position and pro forma historical statement of financial position) (page 74), Section 10.2(b) (Interests of directors - Option agreement with Richard Allely) (pages 98-99), 10.6(b) (Material Contracts - Finance Arrangements) (pages 101-102) and 10.6(f) (Material Contracts - Research and Development) (pages 104-105) of the Replacement Prospectus describes the terms of the options granted by the Company to each of Richlink, Ovina and Richard Allely. The Company would like to provide further details on the terms and conditions of the options it has granted to each of Richlink, Ovina and Richard Allely, as well as Craig Bottomley.

Save and except for the specific option terms disclosed in the Replacement Prospectus and this Supplementary Prospectus (including all corrections), the Company has granted the options to each of Richlink, Ovina, Richard Allely and Craig Bottomley on the following terms and conditions:

- (a) Each option entitles the holder to subscribe for and be allotted one Share on exercise of the option and payment of the Exercise Price (defined below).
- (b) The Company must give the holder of each option a certificate stating:
 - the number of options issued to each holder;
 - the exercise price of the options; and
 - the date of issue of the options.
- (c) The holder of the option may at any time up to the expiry date give an exercise notice to the Company or the Share Registry requiring the Company to issue Shares on exercise of the options, accompanied by payment of the exercise price in full for each option exercised. Any option not exercised automatically expires on the expiry date.

- (d) options may only be exercised during the hours of 8.30am to 5.00pm (AEST) on a day which ASX is open for trading (**Business Day**). A notice in writing received outside of these times will be deemed received at 8.30am on the next Business Day.
- (e) The exercise notice must be accompanied by the certificate for the options being exercised and a cheque made payable to the Company for the Exercise Price for the options being exercised.
- (f) The options will be deemed to have been exercised on the date the exercise notice is received or deemed to be received by the Company or the Share Registry.
- (g) On exercise of options, the Company must allot to the holder the number of Shares for which the options are exercised and deliver a holding statement with respect to such Shares within 10 Business Days of receipt of the exercise notice.
- (h) If Shares are quoted on ASX at the time the options are exercised, the Company will apply to the ASX for quotation of the Shares issued on exercise of the options within 10 Business Days of the allotment of those Shares.
- (i) If the holder of the options exercises less than the total number of options registered in the holder's name:
- the holder of the options must surrender its option certificate, if one has been issued by the Company; and
 - the Company must cancel the certificate and issue the holder of the options a new certificate stating the remaining number of options held by the holder and stating the information set out above.
- (j) options will not confer an entitlement to receive dividends declared and paid by the Company, nor an entitlement to vote at general meetings of the Company unless the holder of the options has exercised the options before the record date for determining these entitlements and participates as a result of holding Shares.
- (k) A holder cannot participate in a bonus issue or new issue of securities in the Company without first exercising the options. Holders who exercise their options before the applicable record date for a bonus issue or new issue will be entitled to participate in the new issue.
- (l) If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which each option is exercisable will be increased by the number of Shares that the holder would have received under the bonus issue if the option had been exercised before the record date for the bonus issue.
- (m) Except as expressly set out in the terms, an option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the option can be exercised.
- (n) In the event of any reorganisation including subdivision, consolidation, reduction, return or cancellation of the issued capital of the Company on or prior to the Expiry Date, the rights of the holder of the options will be changed to the extent necessary to comply with the applicable ASX Listing Rules governing reorganisations in force at the time of the reorganisation.

- (o) If the Company makes a pro-rata issue (other than a bonus issue) to existing Shareholders and no Share has been issued in respect of the option before the record date for determining entitlements to the issue, the Exercise Price of each option will be reduced in the manner permitted by the ASX Listing Rules applying at the time of the pro-rata issue.
- (p) Shares allotted on exercise of options will rank equally in all respects with all other issued Shares from the date of allotment and will be held subject to the Constitution of the Company.
- (q) The Company is entitled to treat the registered holder of an option as the absolute holder of that option and is not bound to recognise any equitable or other claim to, or interest in, that option on the part of any person other than the registered holder, except as ordered by a court of competent jurisdiction or as required by statute.
- (r) An option must not be exercisable over a percentage of the entity's capital.
- (s) A change which has the effect of cancelling an option for no consideration can be made at the sole discretion of the board without obtaining the approval of holders of ordinary securities.
- (t) To the extent that there is any inconsistencies between the terms set out above and any terms included within any of the offer letters to individual option holders, the terms of this document shall prevail to the extent of the inconsistencies.

Other references to the terms of the options appear in the Replacement Prospectus in Section 6.1 (The Offer) and Section 4.1 (Board of Directors).

2.13 Details of Equity Incentive Scheme

Section 10.8 (Equity Incentive Scheme) (page 106) of the Replacement Prospectus describes the equity incentive scheme the Company has in place. The Company would like to provide further details of the equity incentive scheme.

Star Combo has established an Employee Share Plan (the ESP) as an initiative for creating a stronger link between employee performance and reward and increasing shareholder value by enabling Eligible Participants to have a greater involvement with, and share in, the future growth and profitability of the Company.

Eligibility	Participants must be: - a full-time, part-time or casual employee (including an executive director) of the Company or any Associated Body Corporate; - a non-executive director of the Company or any Associated Body Corporate; - any other person whom ASIC allows to participate in the Plan without requiring compliance with Chapters 6D.2, 6D.3 (except section 736) and 7.9 of the <i>Corporations Act</i>; or - any person who is a prospective participant as described in the above (Eligible Participant).
Issue Price	Each share issued and allotted by the Company will be at an issue price to be determined by the Board (which may be nominal or nil).
Offers	Under the ESP, the Company (acting through the Board) may in its absolute discretion and on such terms as it determines, make an offer to issue shares to any Eligible Participant. Each offer must specify: - the maximum number of shares the Eligible Participant may apply for; - the issue price of the shares or the manner in which the issue price is to be calculated; - the acceptance period; - any restriction conditions; - the obligations of the Participant; - any other matter the Board considers relevant; and - any information as required by law or the Listing Rules.
Acceptance	Any offer may be accepted in whole or in part by the Eligible Participant or an Associate by signing and returning to the Company the acceptance form before the close of the acceptance period along with a cheque for the share payment. An Associate has the meaning given to the term in the <i>Income Tax Assessment Act 1936</i> (Cth). The Company may accept or reject any acceptance form in its absolute discretion and may (before accepting or rejecting) require the Eligible Participant or its Associate to provide any information that the Board requests concerning the person's entitlement to lodge an acceptance under the EPP. The Company must promptly notify an Eligible Participant or its Associate whether the acceptance form has been accepted, in whole or in part, and promptly refund any share payment to the extent an acceptance form is not accepted.
Allotment and Issue of Shares	The Company must allow and issue shares to an Eligible Participant or Associate in accordance with an accepted acceptance form within five business days of the Company receiving the share payment for those plan shares in cleared funds.
Restriction period and Buy back	Except in limited circumstances, a Participant (being an Eligible Participant who accepts an Offer to acquire shares under the ESP) must not sell, transfer, assign, mortgage, charge or otherwise encumber a plan share until the end of any applicable restriction period.

Limit on number of shares	The Company must take reasonable steps to ensure that the number of shares offered by the Company under this Plan (when aggregated with number of shares issued during previous 5 years and any outstanding offers) does not exceed 5% of the total number of issued shares at the time of an offer.
No effect on employment	An Eligible Participant shall not be prejudiced or affected in any way by their participation or anything contained in the ESP. Nor may an Eligible Participant use their participation as grounds for seeking damages in respect of any alleged wrongful dismissal or otherwise.

3 Directors' consent and authorisation

This Supplementary Prospectus is issued by the Company.

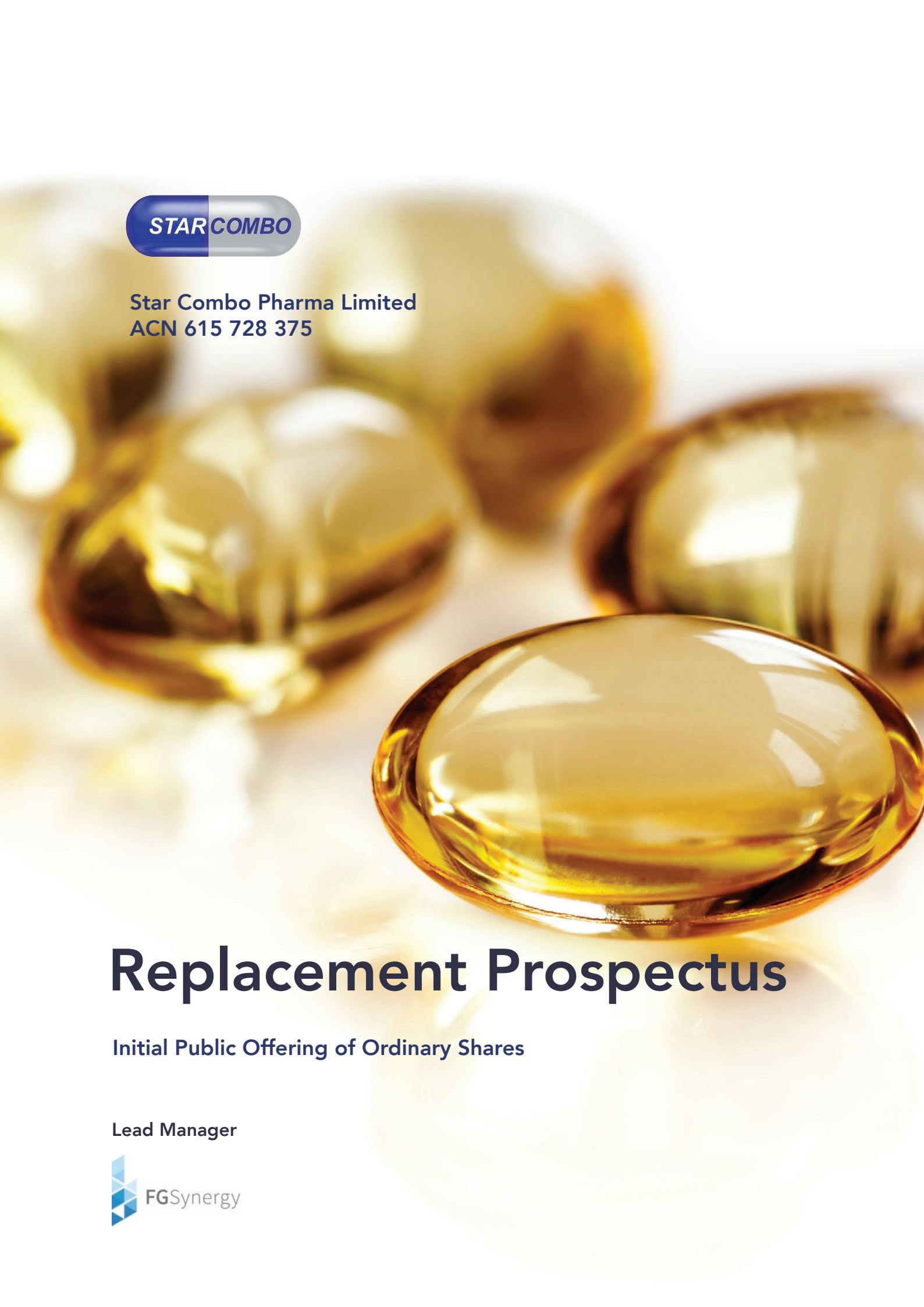
In accordance with section 720 of the Corporations Act, each Director has authorised and consented to the lodgement of this Supplementary Prospectus with ASIC and has not withdrawn that consent prior to its lodgement with ASIC.

Signed for and on behalf of Star Combo by:



Star Zhang

Managing Director



STARCOMBO

Star Combo Pharma Limited
ACN 615 728 375

Replacement Prospectus

Initial Public Offering of Ordinary Shares

Lead Manager



FGSynergy



Company

Star Combo Pharma Limited
171-177 Woodpark Road
Smithfield NSW 2164
<http://www.starcombo.com.au/>

Board of Directors

Richard Allely
Star Zhang
Su Zhang

Legal Advisers

Corrs Chambers Westgarth
Level 17, 8 Chifley
8 -12 Chifley Square
Sydney NSW 2000
<http://www.corrs.com.au/>

Investigating Accountant

BDO
Level 11, 1 Margaret Street
Sydney NSW 2000
<https://www.bdo.com.au/en-au/home>
Independent Taxation Adviser
BDO Audit
Level 11, 1 Margaret Street
Sydney NSW 2000
<https://www.bdo.com.au/en-au/home>

Corporate Advisory

DFK Richard Hill
Level 2
32 Martin Place
Sydney NSW 2000
<http://dfkrichardhill.com.au/>

Lead Manager

First Guardian Synergy Capital Pty Ltd
Level 13, 350 Collins Street,
Melbourne VIC 3000
<http://www.firstguardiancapital.com/>

Share Registry

Link Market Services Limited
680 George Street
Sydney NSW 2000

Auditor

BDO Audit
Level 11, 1 Margaret Street
Sydney NSW 2000
<https://www.bdo.com.au/en-au/home>



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IMPORTANT INFORMATION

The Offer

The offer contained in this Prospectus is an initial public offering to acquire fully paid ordinary shares (**Shares**) in Star Combo Pharma Ltd ACN 615 728 375 (**Star Combo** or **Company**). At the Prospectus Date, the Company had 61 million Shares on issue. This Prospectus is issued by Star Combo for the purposes of Chapter 6D of the Corporations Act 2001 (Cth) (**Corporations Act**).

Lodgement and Listing

This Prospectus is dated 23 February 2018 (**Prospectus Date**) and is a replacement document for the prospectus that was lodged with the Australian Securities and Investments Commission (**ASIC**) on 16 February 2018. Neither ASIC or the Australian Securities Exchange (**ASX**) or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The Company applied to ASX on 20 February 2018 for admission to the official list and quotation of the Shares on ASX. As set out in Section 6.2, it is expected that the Shares will be quoted on ASX initially on a conditional and deferred settlement basis.

Expiry Date

This Prospectus expires on the date that is 13 months after the Prospectus Date (**Expiry Date**) and no Shares will be issued or transferred on the basis of this Prospectus after the Expiry Date.

Note to Applicants

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company.

In particular, in considering the prospects of the Group, you should consider the risks that could affect the performance of the Group. You should carefully consider these risks in light of your personal circumstances (including financial and taxation issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in the Company. Some of the key risk factors that should be considered by prospective investors are set out in Section 9. There may be risk factors in addition to the risks that set out in Section 9 that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of the Group, the repayment of capital by the Company or the payment of a return on the Shares. No person is authorized to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company or the Company's directors (**Directors**).

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company or the repayment of capital by the Company or any return on investment made pursuant to this Prospectus.

This Prospectus includes information regarding past performance of Star Combo. Investors should be aware that past performance is not indicative of future performance.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus that is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company or any other person in connection with the Offer. You should rely only on information contained in this Prospectus.

To the extent permitted by law, each of the Company, Link Market Services Limited ABN 54 083 214 537 (**Link Market Services** or **Share Registry**), and First Guardian Synergy Capital Pty Limited ACN 619 169 667 (**First Guardian** or **Lead Manager**) disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

Financial Information presentation

All references to FY appearing in this Prospectus are to the financial years ended or ending (as relevant) 30 June of the applicable year, unless otherwise indicated.

All financial amounts contained in this Prospectus are expressed in Australian currency. Any discrepancies between totals and sums of components in tables and figures contained in this Prospectus are due to rounding.

Section 7 sets out in detail the Financial Information referred to in this Prospectus and the basis of preparation of that information is set out in Section 7.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board (**AASB**).

The Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory and professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The Financial Information in this Prospectus should be read in conjunction with, and are qualified by reference to, the information contained in Section 7.

Unless otherwise stated or implied, all pro forma data in this Prospectus gives effect to the pro forma adjustments referred to in Section 7.

Forward-looking statements and industry information

This Prospectus contains forward-looking statements that are identified by words such as “may”, “could”, “believes”, “estimates”, “expects”, “intends” and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions and on a number of assumptions regarding future events and actions that, at the Prospectus Date, are expected to take place. Any forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual events or outcomes to differ materially from the events or outcomes expressed or anticipated in these statements, many of which are beyond the control of the Company and the Directors. The forward-looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 9 and other information contained in this Prospectus. The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will occur and investors are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

This Prospectus uses market data and third-party estimates and projections. The Company has obtained significant portions of this information from market research prepared by third parties. There is no assurance that any of the third-party estimates or projections contained in this information will be achieved. The Company has not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 9.

Foreign jurisdictions

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia.

The taxation treatment of Australian securities may not be the same as those for securities in foreign jurisdictions.

The distribution of this Prospectus outside Australia may be restricted by law, and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In particular, the Shares have not been, and will not be, registered under the United States Securities Act of 1933 (**US Securities Act**), as amended or any state securities laws in the United States and may not be offered, sold, pledged or transferred in the United States unless the Shares are registered under the US

Securities Act, or an exemption from the registration requirements of the US Securities Act and applicable US state securities laws is available.

See Section 10.5 for more details on selling restrictions that apply to the Offer and sale of Shares in jurisdictions outside Australia.

Prospectus availability

During the Offer Period, a paper copy of this Prospectus is available free of charge to any person in Australia by calling the Star Combo IPO Information Line by telephone on + 61 1800 500 095 from 8:30am to 5:00pm (Sydney time), Monday to Friday during the Offer Period.

This Prospectus is also available to Australian resident investors in electronic form at the Offer website, www.starcombo.com.au.

Applications for Shares may only be made during the offer period on the Application Form included in, or accompanying, this Prospectus in its hard copy form, or in its soft copy form which must be downloaded in its entirety from www.starcombo.com.au, together with an electronic copy of this Prospectus (**Application Form**). By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is included in, or accompanied by, this Prospectus in its paper copy form of the complete and unaltered version of this Prospectus. Refer to Section 10.5 for further information.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued or transferred under the Prospectus (or are otherwise defined where used in this Prospectus). This means that, in most circumstances, you cannot withdraw your Application.

Definitions

Defined terms and expressions used in this Prospectus are explained in the Glossary in Section 11 of this Prospectus. Unless otherwise stated or implied, references to times in this Prospectus are to the time in Sydney, New South Wales (Sydney time).

Privacy

If you complete an Application Form, you will be providing personal information to Star Combo (either directly to Star Combo or to the Share Registry).

Star Combo collects, uses, discloses and administers all personal information in accordance with relevant privacy legislation, including the Privacy Act 1988 (Cth). Star Combo may disclose your personal information to the Lead Manager, persons inspecting the Share register, bidders for your securities in the context of takeovers, regulatory bodies (including the Australian Taxation Office), authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that Star Combo holds about you by contacting Star Combo or the Share Registry (see the back cover of this Prospectus for relevant contact details).

Please note that if you do not provide the information required on the Application Form, Star Combo may not be able to accept or process your Application.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

Questions

If you have any questions about how to apply for Shares, please call the Star Combo IPO Information Line by telephone on + 61 1800 500 095 from 8:30am to 5:00pm (Sydney time), Monday to Friday during the Offer Period. Instructions on how to apply for Shares are set out in Section 6.6 and on the Application Form.

If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

This Prospectus is important and should be read in its entirety.

IMPORTANT DATES

Prospectus Date	23 February 2018
Offer open (Offer Open Date)	27 February 2018
Offer close	27 April 2018
Settlement	4 May 2018
Issue of Shares under the Offer and commencement of trading on ASX on a deferred settlement basis	7 May 2018
Expected dispatch of holding statements	8 May 2018
Expected commencement of trading on ASX on a normal settlement basis	11 May 2018

The dates above are indicative only and may change without notice.

Star Combo reserves the right to vary the dates of the Offer without notice (including, subject to the Listing Rules and the Corporations Act, to close the Offer early, extend the Offer or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before Closing, in each case without notifying any recipient of this Prospectus or Applicants.

If the Offer is cancelled or withdrawn before the issue of Shares, then all Application Money will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

The admission of the Company to the Official List and the quotation and commencement of trading of the Shares is subject to confirmation from ASX.

How to invest

Applications for Shares can only be made by completing and lodging the Application Form attached to or accompanying this Prospectus.

Instructions on how to apply for Shares are set out in Section 6.6 and on the back of the Application Form.

KEY OFFER DETAILS

Key Offer details	
Price	\$0.50
Number of existing Shares on issue as at the date of this Prospectus	61,000,000
Minimum number of Shares to be issued under the Offer	6,620,000
Total number of Shares on issue at Closing if the minimum number of Shares are issued under the Offer	67,620,000
Indicative market capitalisation at Closing if the minimum number of New Shares are issued under the Offer	\$33,810,000
Total proceeds from the Offer if the minimum number of new Shares are issued under the Offer	\$3,000,000
Maximum number of new Shares to be issued under the Offer if the Offer is fully subscribed	14,620,000
Total number of Shares on issue at Closing if the Offer is fully subscribed	75,620,000
Indicative market capitalisation at Closing if the Offer is fully subscribed	\$37,810,000
Total Shares held by Star Combo management (and their affiliates) at Closing	Mr Star Zhang – 38,165,510
	Ms Su Zhang – 11,448,980
	Mr Huilin Lu – 385,510
Total proceeds from the Offer if the Offer is fully subscribed	\$7,000,000

CHAIRMAN'S LETTER

23 February 2018

Dear investor,

On behalf of the Directors of Star Combo Pharma Limited ACN 615 728 375 (**Star Combo**), it is my pleasure to invite you to become a Shareholder of Star Combo.

Star Combo is an Australian nutritional products business that develops, manufactures and distributes a range of branded vitamins, dietary supplements and skincare products, serving both domestic and a growing number of offshore markets. The Group's operational entity, Costar Pharma Laboratory Pty Ltd ACN 132 907 138 (**Costar Pharma**), holds a Therapeutic Goods Administration (**TGA**) licence (**TGA Licence**) that permits it to manufacture soft and hard capsules, powders and granules and tablets. The TGA Licence requires compliance with certain regulations that dictate manufacturing compliance to strict quality standards.

The Star Combo business started in 2004 in Sydney, Australia. In 2017 Star Combo entered into a strategic agreement with the Terry White Group to manufacture and market products under the Living Healthy brand which was acquired by Star Combo and will be available at over 450 Terry White stores in Australia. The funds raised through the Offer will assist in the marketing of this new and exciting brand.

The Offer is expected to raise a minimum of \$3 million and a maximum of \$7 million, which will provide Star Combo with the financial flexibility to execute its growth initiatives while creating a liquid market for the Shares.

This Prospectus contains detailed information about the Offer, the industry and markets in which Star Combo operates its business, and its financial and operating performance.

As with all companies, an investment in Star Combo is subject to a range of risks, including risks associated with Star Combo's marketing and export activities, shipping and logistics, and political and regulatory risks/ The key risks are described in Section 9.

I encourage you to read this document carefully and in its entirety before making your investment decision. On behalf of the Directors, I look forward to welcoming you as a Star Combo Shareholder.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Allely', with a large, stylized loop at the beginning.

Richard Allely
Chairman



1

INVESTMENT OVERVIEW

Topic	Summary	Refer Section
Overview of the Offer		
Who is the issuer of the Prospectus?	Star Combo Pharma Limited ACN 615 728 375, an Australian nutritional products business.	Important Information Section, Section 2.1
What is the Offer?	The Offer is a general public offer of shares in Star Combo. Under the Offer, Star Combo will be issuing a minimum of 6,620,000 and a maximum of 14,620,000 Shares in the Company at \$0.50 per Share to raise between \$3,000,000 and \$7,000,000. Star Combo has applied to ASX for admission to the official list of ASX and for quotation of the Shares on ASX under the code S66. The Offer is available to Australian residents.	Important Information Section, Section 6.1
Why is the Offer being conducted?	The Offer is being conducted to further the growth and expansion of the Company. It is intended that funds raised in the Offer will be used by the Company to, among other things: (a) grow its branded product segment; (b) expand its factory utilisation; (c) sell its products into new sales channels; and (d) repayment of borrowings in full.	Section 6.4
Will the shares be listed?	The Shares will be listed on the Australian Securities Exchange.	Important Information Section, Section 6.2, Section 6.8
Is the Offer underwritten?	No.	N/A
What are the tax implications of investing in the shares?	The taxation implications of investing in Shares will depend on each investor's individual circumstances. Investors should seek their own tax advice prior to investing in Shares.	Important Information Section
How can I apply?	Instructions on how to apply for Shares are set out in Section 6.6 and on back of the Application Form.	Important Information Section, How to invest Section, Section 6.6

Topic	Summary	Refer Section
When are the shares expected to commence trading?	Shares are expected to commence trading 10 business days after the date on which the Offer is closed.	Section 6.3, Section 6.10
Where can I find more information?	If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional advice from your stockbroker, accountant, financial adviser or other professional adviser.	Important Information Section
Information about Star Combo		
Who is Star Combo?	Star Combo was established in 2004 and is an Australian nutritional products business that develops, manufactures and distributes a range of branded vitamins and skincare products. The Company services Australia and growing offshore markets, particularly in Asia. The TGA Licence authorises Costar Pharma to manufacture hard and soft capsules, powders and granules and tablets.	Section 2.1
Where are Star Combo's operations?	Star Combo is headquartered in Smithfield, NSW. The premises include a modern production facility (occupied by Star Combo since 2014), with five fully automated packaging lines.	Section 2.7
In what markets does Star Combo operate?	The Company operates and sells its products in the vitamins and dietary supplement market (VDS) to consumers in Australia and in international markets, including Vietnam, Korea and China. The VDS market in Australia reached \$2.67 billion in revenue in 2016 (see Section 3.1). Accordingly, the Company plans to continue operating in the Australian market, and expand its operations to meet the booming demand for Australian made VDS products in international markets such as China.	Section 2.8
Who are Star Combo's customers?	Star Combo has more than 100 long-term customers that purchase various vitamin and supplement products from the Company. No single customer accounted for more than 10% of total revenue in the 2017 financial year. The Company's products are sold in Australia through retail channels such as souvenir, convenience and grocery stores, Terry White pharmacy stores and stands in all Australian international airports. Internationally, Star Combo sells its products through its own website, as well as various online e-commerce platforms, such as Taobao and JD.	Section 2.9 and Figure 7.

Topic	Summary	Refer Section
How does Star Combo generate its income?	Star Combo's revenue breakdown is currently as follows:	Section 2.5
	Product line	
	% Revenue	
	Branded Segment	
	30%	
	Manufacture, sale and distribution of Star Combo's own branded health products both domestically within Australia and across Asia.	
	OEM Segment	70%
	The TGA Licence authorises the Group to manufacture therapeutic goods within the scope of its licence for any other pharmaceutical or nutritional brand owners in the market.	
	Total	100%
What are Star Combo's brands?	Star Combo owns four brands, each of which are targeted at different markets: <i>Costar, Amax, J&K, and Living Healthy</i>	Section 2.3
What regulatory environment does Star Combo operate under?	Star Combo operates under the regulatory regime administered by the TGA. The TGA enforces safety and quality regulations, in accordance with the principles of Good Manufacturing Practice (GMP). The GMP requires that health products be manufactured to a specified standard and Star Combo must demonstrate compliance with the in order to retain its TGA Licence. The Company's products are also required to be entered into the Australian Register of Therapeutic Goods (ARTG), so that they can be imported, exported, manufactured or supplied to customers.	Section 3.6
Key Strengths		
What sets Star Combo apart from its competitors?	Star Combo is set apart from its competitors as a result of its:	Section 2
	Licensed manufacturer status	
	The TGA Licence that authorizes the Group to manufacture a wide range of therapeutic goods.	
	Wide customer base	A wide customer spread with no single client accounting for over 10% of turnover.

Topic	Summary	Refer Section
	Premium quality All its products are produced in Australia with natural high-quality ingredients and under stringent quality controls. High-capability production warehouse Sydney based production and warehouse facility with sufficient production capacity and the ability to quickly increase output with minimal additional costs. Strong reputation A good reputation among its customers through word of mouth referrals.	
What is Star Combo's growth strategy?	Star Combo aims to pursue the following growth opportunities in the immediate term: — obtain permits from the China Food and Drug Administration for select products to enable them to be sold over the counter in pharmacies in China; — invest in the development and production of new products to meet growing demand; — attend global exhibitions to secure sources of patented raw material for new product developments; — invest in improving the Company's brand within Australia and overseas target markets; — enter mainstream Australian supermarkets and pharmacies; and — pursue opportunities to acquire companies with complimentary business activities, in order to achieve greater economies of scale and operational synergies. The Company anticipates future growth to be derived from the following sources: — Domestic growth — New product development — Expansion of distribution points — Industry consolidation and acquisition opportunities — Expansion through acquisitions — International growth — Capital projects to in-source product manufacturing	Section 2.13

Topic	Summary	Refer Section
Key risks		
What are the key risks of investing in Star Combo?	(a) Loss of major customers: A number of the contracts Star Combo has entered into with customers of its Branded Segment are not long term contracts. There is a risk that Star Combo may cease transacting with one or more of its major customers or that the level of sales to Star Combo's customers could decrease. (b) Trade restrictions and offshore operations: Trade sanctions or changes to existing trade policies may impact Star Combo's export market or future sales. (c) Regulatory risk: Star Combo's business is subject to a high degree of regulation by the TGA and the cost of compliance could materially increase in the future. (d) Price risk: There is a risk that variations in domestic and international prices, which are outside Star Combo's control, or a mismatch between the price Star Combo is able to sell its products to customers and its costs to deliver those products, will result in losses or reduced profitability on individual shipments and on Star Combo's overall financial performance. (e) Brand and reputation risk: The reputation and value associated with the Company's brand names and related intellectual property could be adversely affected by a number of issues in relation to, for example, product quality, disputes or litigation and adverse media coverage. There is also a risk that the Company may not generate enough return to offset the expenditure spent on the marketing of its Living Healthy brand pursuant to the agreements with the Terry White Group set out in Section 10.6(e). (f) Liquidity Risk: Having regard to the number of Shares that are subject to voluntary escrow arrangements and the relatively limited free float (see Section 10.4), there is a risk of reduced liquidity in the market for the Shares. (g) Control risk: At Closing, it is expected that Mr Star Zhang will hold 50-53% of the Shares and as a result will be in a position to exert considerable influence over the outcome of matters relating to the Company. (h) Strong competition: Star Combo participates in a highly competitive fast-moving consumer goods global business market against many competitors with significantly greater financial, technical, human, development and marketing resources than the Company. (i) Currency risk: Any revenue and expenditures in export markets are subject to the risk of fluctuations in foreign exchange markets.	Section 9, Section 10.6

Topic	Summary	Refer Section
Financials and dividend policy		
What is Star Combo's historical and expected financial performance?	Star Combo has recorded favourable revenue (CAGR 38%) and EBITDA growth (CAGR 275%) over the past three years.	Important Information Section, Section 7
What is the Company's dividend policy?	The payment of a dividend is at the discretion of the Directors. It is the intention of the Board to pay interim dividends in respect of half years ending 31 December and final dividends in respect of full years ending 30 June.	Section 10.10
Directors and Management Team		
Who are the directors of Star Combo?	The directors of Star Combo are: (a) Mr Star Zhang; (b) Ms Su Zhang; and (c) Mr Richard Allely.	Section 4.1
Who are the key members of Star Combo's management team?	The key management of Star Combo are: (a) Star Zhang: Managing Director (b) Su Zhang: CEO (c) Jodi Corns: Quality Assurance Manager (d) Huilin Lu: Production Manager (e) James Ni: Group Accountant (f) Din Cheng: Production Manager	Section 4.2

Star Combo Pharma LTD
J&K[®]
Amax[®]
COSTAR[®] HEALTH
www.starcombo.com.au

2

STAR COMBO

2.1 OVERVIEW

Star Combo was established in 2004 as a leading Australian nutritional products business that develops, manufactures and distributes a range of branded vitamins, dietary supplements and skincare products, serving both domestic and offshore markets (predominantly in Asian countries).

The Group is made up of the following companies:

Group Company	Full name and ACN	Directors	Role in Group
Star Combo	Star Combo Pharma Limited ACN 615 728 375	Mr Star Zhang Ms Su Zhang Mr Richard Allely	Star Combo was incorporated in November 2016 in anticipation of the Group listing on the ASX under the ticker ASX:S66.
Star Combo Australia	Star Combo Australia Pty Ltd ACN 109 274 731	Mr Star Zhang	Since incorporating in May 2004, Star Combo Australia has been the main operating entity for the Group.
Costar Pharma	Costar Pharma Laboratory Pty Ltd ACN 132 907 138	Ms Su Zhang	Costar Pharma was incorporated in August 2008 to hold the TGA License on behalf of the Group.

Products

The Group (specifically Costar Pharma) holds a TGA Licence, which permits it to provide facilities, as an Original Equipment Manufacturer (**OEM**) to other vitamin companies. The Group also owns four brands - Costar, Amax, J&K and Living Healthy.

Star Combo's mission is to provide premium health products made with natural, locally sourced ingredients both domestically and internationally. The team at Star Combo have strong expertise in health and nutrition and are driven by innovation to produce products that bolster health and wellbeing.

The Company's range of products have been developed based on thorough research and up-to-date knowledge of nutrition. Star Combo works with the best raw material suppliers to ensure that products are made with the highest quality ingredients available. Star Combo is passionate about producing natural health products with less harm and negative side effects to the body than conventional therapy.

Star Combo has a strong commitment to maintaining quality to ensure products are able to meet or exceed customer expectations and comply with Australian standards and regulations. The Company's rigorous quality control processes provide customers with natural healthcare products they can trust and are of the highest quality.

Staff

Star Combo is also committed to fostering the skills of its employees. Star Combo staff must complete orientation, skills and ongoing training in order to maintain high standards of performance and ensure continuous professional development. Ongoing training programs usually focus on a specific subject area, such as educating staff on updates to the Company's Standard Operating Procedures or, more topically, on personal hygiene, for which the Company engages an external microbiologist. All ongoing training is documented using a training record form.

Customers and markets

The Company's products are distributed via a wide range of channels including, gift shops, duty free stores and limited supermarkets. It has also invested into developing its online sales channel, and is now looking for greater market penetration via the Daigou sales channel.

Star Combo has successfully created a steady supply chain and sales stream through its contracts and strong working relationships with a range of rigorously-selected raw material suppliers, forwarders and sales/distribution agents. Consistent with the Company's growth ambitions, it has also contracted the services of a marketing consulting firm to advice on suitable expansion routes for the Company. Star Combo Australia has also entered into two agreements with entities in the Terry White Group, details of which are summarised in Section 10.6(e). These agreements will enable Star Combo to access a new distribution channel - mainstream pharmacies in Australia, which is consistent with the Company's growth strategy.

Star Combo produces around 200 million soft capsules for the Australian domestic markets and the Asia-Pacific markets across its four brands. The Company's products appeal a wide range of customer segments, including health-conscious individuals, young children, the elderly, recovering patients and tourists.

Star Combo intends to increase sales of its own branded products by investing into brand development, accessing new distribution channels and targeting the growing vitamin and dietary supplement (**VDS**) markets in Australia and China. The Company also has a strong branded presence in Vietnam (through airports, pharmacies and television channels) and intends to further penetrate into this market.

Star Combo has signed a \$5 million investment deal with Lepu Medical (Europe) Cooperatief U.A. (**Lepu**), the details of which are set out in Section 10.6(c). Star Combo management believes that this agreement will increase Star Combo's exposure in the Chinese market. Lepu has agreed to invest in Star Combo's Costar vitamin range, with the funding from this deal predominantly being injected back into the business in the form of Research & Development and marketing.

2.2 HISTORY OF STAR COMBO

Figure 1.

Date	Event
2004	Star Combo Australia established. Costar brand launched and sold through gift stores nationwide. Export of Costar brand to China.
2005	Amax brand launched for skincare range. Export agent to Korea appointed.
2006	Relocation to a larger premises in Rydalmere, NSW to cater for expansion in operations.
2008	Successful audit as a TGA licensed facility for the packaging of soft gel capsules.
2009	Successful audit as a TGA Licensed facility for packaging, labelling and release for supply 100% of target sales achieved at skincare trade show International Cosmoprof in Hong Kong.
2010	Achieved export sales growth of approximately 10% to Hong Kong, Malaysia, Singapore and Thailand.
2012	Exclusive distributor and agent to Vietnam market appointed.
2013	Contract manufacturing facility for milk powders, tablet and hard shell encapsulation established. Finalist for the NSW Premier's Export Award and Winner of Western Sydney Award for Business Excellence. Extension of TGA Licence to include the manufacture of hard capsules, powder and tablets.
2014	Relocation to new production facility of over 15,000m ² at Smithfield, NSW, with five fully automated packaging lines.
2015	Increased production capability and capacity for tablet manufacturing, hard shell encapsulation and soft-gelatin encapsulation. Extension of TGA Licence to include the manufacture of soft gel capsules.
2016	Acquired and installed large scale automated machinery equipment to increase the daily production output of soft gel capsules from 3 million to 5 million.
2017	Star Combo Australia entered into strategic agreements with entities in the Terry White Group, for Star Combo Australia to manufacture and market products under the Living Healthy brand, for sale and marketing in 450 Terry White stores in Australia.

2.3 OUR BRANDS

Star Combo's brand portfolio is highly diversified across channel, geography and consumer groups and its brands target specific consumer segments and market channels. The Living Healthy brand was acquired by Star Combo Australia in August 2017, the details of which are set out in Section 10.6(e). The Group holds four registered trademarks in Australia, as set out in **Figure 2**.

Figure 2.

Brand	Age of brand (years)	Brand	Age of brand (years)
	13	<i>Amax</i>	2
	7	J&K	2

Figure 3. provides an overview of the brands' key markets.

Figure 3.

Brand	Major channel	Major geography
	Gift stores Australian international airports Department store Online	Australia Australia Vietnam China
	Terry White stores	Australia and New Zealand
<i>Amax</i>	Gift stores Australian International Airports	Australia Australia
J&K	Gift stores Australian International Airports	Australia Australia

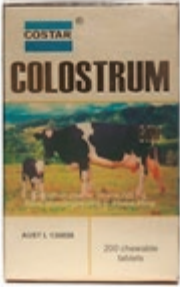
2.4 OUR PRODUCTS

The Company's product range is currently made up of over 200 products, consisting of skin care and health food ranges with multiple pack sizes.

Star Combo's top four selling products are described in **Figure 4**.

Figure 4.

Products	Description
 Costar Royal Jelly	As the highest selling Star Combo product, the cumulative production time of the Costar Royal Jelly is equivalent to approximately two months out of a year at a daily production rate of 600,000 soft gels. Approximately 30,000,000 Costar Royal Jelly soft gels are produced each year.
 Costar Lanolin +VE Cream	Costar Lanolin Cream is the Company's second highest-selling product and also one of its first self-formulated products. Star Combo can produce approximately 750,000 boxes of this product per year.
 Costar Propolis	Costar Propolis 1000mg is the Company's third best-selling product. The Company spends approximately two weeks out of a year on manufacturing Costar Propolis soft gels. This is equivalent to a total production of around 6,000,000 soft gels per year.

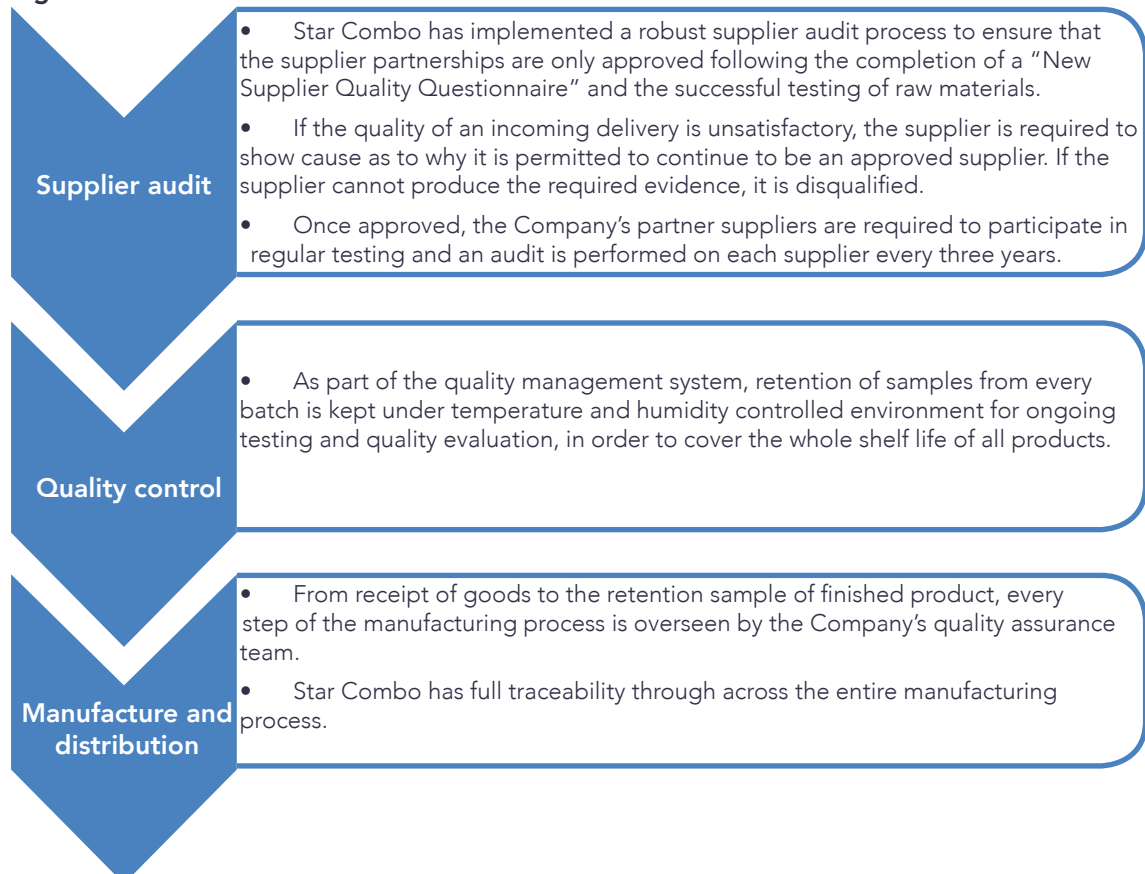
Products	Description
	Costar Colostrum Chewable Tablets are the Company's fourth best-selling product. Production of Costar Colostrum Chewable Tablets is equal to approximately one week per year. A daily production capacity of 300,000 tablets results in total yearly production of approximately 1,500,000 chewable tablets.
Costar Colostrum	

2.5 RAW MATERIALS

Star Combo prides itself on a high level of transparency in all phases of product development, manufacture and distribution.

Figure 5. sets out the key mechanisms adopted by Star Combo to ensure transparency.

Figure 5.



2.6 OUR BUSINESS MODEL

Star Combo has two separate revenue streams – the OEM segment and the branded segment.

OEM (70% of the Company's revenue)	The TGA Licence allows Costar Pharma to operate as an Original Equipment Manufacturer. This means that the Group can manufacture therapeutic goods for other pharmaceutical or nutritional brand owners. The Group currently has a number of contracts with other brand owners in place and approximately 70% of the Group's revenue is generated by OEM activities.
Branded (30% of the Company's revenue)	The remainder of the Group's revenue comes from the manufacture, sales and distribution of its own branded health products, domestically and across Asia. The Group owns four brands under which its products are sold - Costar, Amax, J&K and Living Healthy.

For further information regarding the customers of Star Combo's OEM segment and branded segment, refer to Section 2.9.

2.7 STAR COMBO HEADQUARTERS

The Company's operations are headquartered in Smithfield, New South Wales and comprise a manufacturing factory, research and development centre and a packaging and distribution centre (**Headquarters**). Star Combo uses modern machinery manufactured in Korea, Germany and China to ensure a hygienic and efficient manufacturing process.

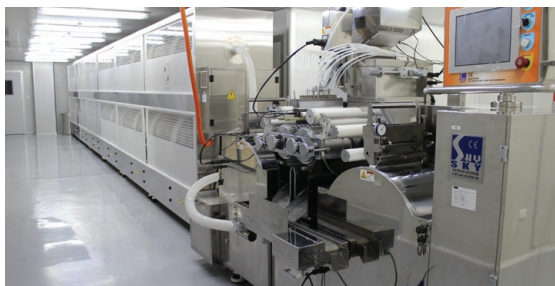
The facilities have been developed to accommodate future growth in Star Combo's business, with the Company's capacity utilisation currently at 20% of total capacity. If required, this utilisation can be increased substantially, and over a short period of time through the recruitment of additional employees and creation of extra shifts. The Headquarters are on a long term lease from a related party (refer to Section 10.7).

Figure 6.

Internal Warehouse



Internal Warehouse



Warehouse Features

Premises fully renovated in 2015

Total land size of 15,000m²

The inventory and all equipment are collectively valued at \$5.6 million

Soft gel production capacity is 3 million to 5 million capsules per day. The current production output is 500,000 to 1 million capsules per day.

There are currently 30 employees.

On average, 20 orders are shipped per day including both domestic and export sales.

2.8 OUR MARKETS

The Company operates and sells its products in the vitamins and dietary supplement market (**VDS**) in Australia and overseas, including in Vietnam, Korea and China.

Within Australia, the Company's products are sold through many retail channels such as souvenir, convenience and grocery stores, and stands in all Australian international airports.

Star Combo plans to enter mainstream pharmacies within Australia and to this end, Star Combo Australia entered into an arrangement with the Terry White Group to acquire all rights, including intellectual property rights, associated with the Living Healthy brand, as detailed in Section 10.6(e). Pursuant to the arrangement, the Terry White Group will market, promote and sell Living Healthy products across its network of over 450 pharmacies in Australia and ensure that Living Healthy products are prominently featured in each pharmacy. This will allow the Company to develop the Living Healthy brand and image and provide the Company with the opportunity to enter into a new distribution channel.

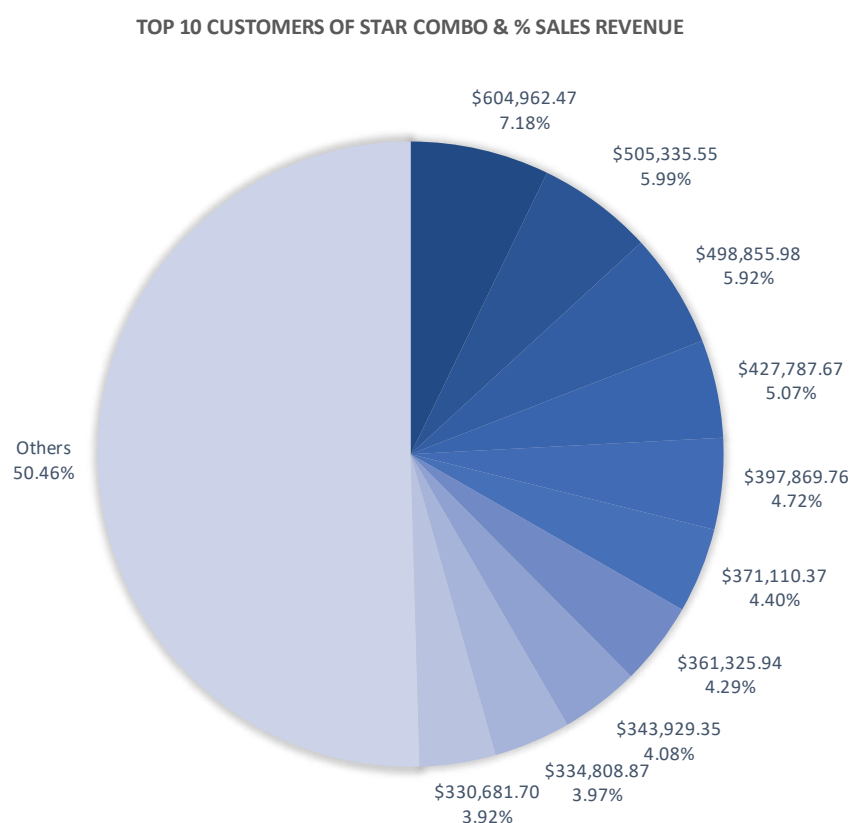
2.9 OUR CUSTOMERS

Star Combo has more than 100 long-term wholesale customers.

This broad customer base means that one customer alone does not account for a disproportionate level of overall revenue, nor is the Company at significant risk of being affected by a potentially unfavourable decision made by one customer. In FY17, no single customer accounted for more than 10% of total revenue. The Company's top 10 customers contribute around 50% of sales revenue, among whom 7 are OEM customers, as shown in Figure 7. below. Furthermore, there are approximately 50 customers which comprise of Star Combo's OEM segment and no single customer in the OEM segment accounted for more than 10% of total revenue in FY17.

Figure 7.

Top 10 customers of Star Combo in FY17 (AUD)



2.10 OUR SUPPLIERS

Star Combo sources its raw materials and product packaging from a range of reliable suppliers. Star Combo consistently works closely with suppliers to ensure that the company selects the best quality ingredients at the lowest cost. The Company's main supplier has had a long standing relationship with Star Combo and is committed to quality assurance and maintaining best business practices in accordance with the Company's policies.

The Company also has in place a well-established supplier management system to ensure that the supply chain is operated smoothly and effectively. Having such practices and protocols in place enables the Company to detect any quality defects in the supply chain in order maintain its high standards of product.

2.11 SALES CHANNELS DEVELOPMENT

The Company hopes to increase its sales revenue from branded products in future years, to better balance the revenue streams between branded products and OEM. Star Combo has plans to grow the branded component of its products.

Star Combo's growth strategy for the branded component of its products is based on looking for growth in three key segments:

1. National pharmacy chains owned by Terry White Group (refer to Section 10.6(e)).
2. Daigou sales channel, a market in China.
3. Seeking to effectively leverage Lepu's presence in the Chinese hospital and pharmacy (refer to Section 10.6(c)).

In addition to the development of the opportunities discussed above the Company is will look for strategic acquisitions to supplement its organic growth strategy.

The table below Figure 8. sets out Star Combo's planned development strategy for the period to 2022.

Figure 8.

Year	Australia Market	Brand products	OEM products			Export Market
			%		%	
2004	Chinese gift stores	Costar and Amax	100%	-	0%	China
2005-2007	Chinese gift stores, Korean gift stores	Costar and Amax	100%	-	0%	China and Korea
2008-2011	Chinese gift stores, Korean gift stores	Costar and Amax	50%	OEM	50%	China and Korea
2012-2013	Chinese gift stores, Korean gift stores, Vietnam Gift Stores	Costar and Amax	40%	OEM	60%	China, Korea and Vietnam

2014-2016	Chinese gift stores, Korean gift stores, Vietnam Gift Stores, Airport	Costar and Amax	30%	OEM	70%	China, Korea and Vietnam
2017	Chinese gift stores, Korean gift stores, Vietnam Gift Stores, Airport, Pharmacy Channels	Costar and Amax	30%	OEM	70%	China, Korea and Vietnam
2019	Gift stores, Pharmacies, Health food stores	3 main brands	55%	OEM	45%	6 countries
2020	Gift stores, Pharmacies, Health food stores	4 main brands	60%	OEM	40%	8 countries
2021	Gift Stores, Pharmacies, Health food stores, Supermarkets	5 main brands	65%	OEM	35%	10 countries
2022	Gift Stores, Pharmacies, Health food stores, Supermarkets	5 main brands	70%	OEM	30%	12 countries

2.12 OUR MARKETING STRATEGY

Star Combo intends to adopt the marketing strategy set out in **Figure 9**. to achieve, among other things, the sales channel developments set out in Section 2.11. The strategy is based on comprehensive consumer research and market analysis conducted by Growth Mantra Pty Ltd ACN 126 346 245 (**Growth Mantra**) over June and July 2017.

Figure 9.



The “exclusive” brand in **Figure 9**. refers to an exclusive brand Star Combo intends to create for pharmacy chains. The “new” brand refers to the development of a brand that will allow the Company to expand its offering beyond Asian gift stores. Star Combo intends the packaging of this brand to utilise QR codes that will take customers to a website containing product details, including origin and ingredients.

Within each of these brands, Star Combo intends to have two product ranges as shown in **Figure 10**.

Figure 10.

Selling points	100% Australian Made		Higher Potency	
	Heart Health	Brain Health	Digestive Health	Joint Health

A brand portfolio that extends distribution and focuses on building the Company’s “100% Australian Made” credentials and potency claims are critical for differentiation. The different brands will appear in different channels, relevant to their target customers, as shown in **Figure 11**.

Figure 11.

CHANNELS & BRANDS						
	Chemists: Discount & Traditional	Exclusive Pharmacy	Gift Stores And Daigou Stores	Airports / Duty Free	Distributors	Health food stores Supermarket
Daigou	New Brand	Exclusive Brand	New Brand		New Brand	
Tourists			Costar New Brand	Costar New Brand		
Local Asians	New Brand	Exclusive Brand	Costar New Brand			New Brand
Local non-Asians	New Brand	Exclusive Brand				New Brand New Brand

Star Combo also sees that there is an opportunity to improve and extend its product range as shown in **Figure 12**.

Figure 12.

Category	Types of products	Existing products	Star Combo's planned product development
Liver	Liver detox/tonic	Y	Maintain current range
Eye	Bilberry	Y	Maintain current range
Body & Beauty	Grape seed	Y	Maintain current range
Sleep & Mood	Sleep products	N	Develop a new range
Specific Benefits	Vitamins A, B, C, D and E	N	Develop a new range
Kids Health	Eye care, Calcium, Vitamins, Fish oil, DHA	N	Develop a new range
Bone	Liquid calcium, Calcium	Y	Extend product line
Joint / Muscle	Glucosamine, Spirulina, Magnesium	Y	Extend product line
Heart & Brain	Omega, Salmon fish oil, Q10, Fish oil	Y	Extend product line
General Health	Propolis, Squalene, Shark liver oil, Omega, Fish oil, Salmon fish oil, Q10	Y	Extend product line
Women's Health	Evening primrose oil, Cranberry, Women's multi-vitamins, Pregnancy products, Body and Beauty, Sleep & Mood, 50+ women	Y	Extend product line
Men's Health	Liver detox/tonic, Lung health, Men's multi-vitamin, Squalene, Sleep & Mood	Y	Extend product line

2.13 OUR GROWTH STRATEGY

Star Combo expects to pursue the following opportunities subsequent to the Offer in order to increase its medium-long term growth:

- (a) obtain product permits from China Food and Drug Administration for select products to enable them to be sold over the counter in pharmacies in China through the pharmacies channel currently used by Lepu, a seed investor in Star Combo, as set out in 10.6(c). In light of the Company's Managing Director's (Mr Star Zhang) expertise and connections in the Chinese market, the Board believes that it can achieve significant revenue growth through this avenue;
- (b) attend global exhibitions to secure sources of patented raw material for new product developments;
- (c) invest in the development and production of Star Combo's top 4 selling products;
- (d) invest in marketing and promotional activities to improve the brand and product image within Australia and target overseas markets;
- (e) enter mainstream supermarkets and pharmacies in Australia in order to compete with Star Combo's closest competitors; and
- (f) complete strategic company acquisitions to achieve greater economies of scale and operation synergies.

The Company's ability to pursue the above opportunities is likely to be affected by the following factors set out in **Figure 13.**, which are discussed in more detail in Section 3.

Figure 13.

Domestic growth drivers	Other expansion opportunities
• Growth in overall category • New product development • Expansion of distribution points	• International growth • Capital projects to in-source product manufacturing • Industry consolidation and acquisition opportunities

Importantly, the Star Combo intends to enhance revenue in its branded segment, in order to shift its focus from being a contract manufacturer to being a brand owner. The Board believes that its entry into the agreements with the Terry White Group, as detailed in Section 10.6(e), will enable the Company to realise this growth.

2.14 WORKPLACE HEALTH AND SAFETY (WHS)

The Group is committed to the safety, health and wellbeing of its employees and any contractors and visitors to its premises. The Group maintains a robust health and safety management system that meets legislative requirements, including a central safety control system.

Management and employees work collaboratively together, actively engaging and encouraging participation to shape and maintain the safety culture. Measurable objectives and targets are set to continuously improve safety and health performance, with the highest priority placed by the Company on maintaining a workplace free of incidents and injury.

2.14 INTELLECTUAL PROPERTY ASSETS

The TGA Licence authorises the Group to manufacture tablet, powder, hard and soft capsules. Star Combo also holds a HACCP (Hazard Analysis and Critical Control Points) Certificate for all dairy processing, from the New South Wales Food Authority.

The Group either directly owns, or has a license to use all the intellectual property required to operate the business.

Figure 14.

Trademark	Registration Number	Expiry date
	1829759	6 March 2027
	1341819	20 January 2020
	1770909	16 May 2026
	1802834	14 October 2026

3

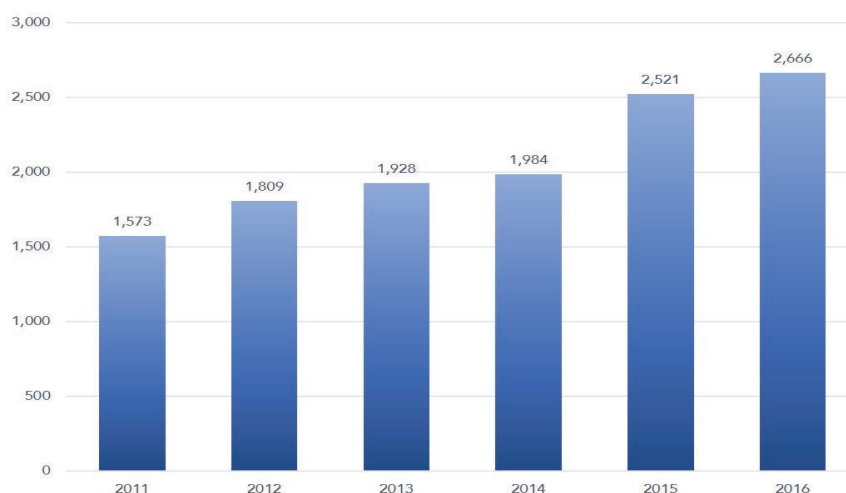
**THE AUSTRALIAN
VITAMINS AND
DIETARY
SUPPLEMENTS
INDUSTRY**

3.1 INDUSTRY OVERVIEW

The nutrition, health and wellness industry has an estimated global market size of US\$570 billion.¹ The significant growth of the industry over the past five years has been spearheaded by a growing acceptance of vitamins and dietary supplements (VDS) and an increasing consumer focus on health and wellness.

In Australia, the complementary medicines industry generates approximately \$4.2 billion in revenue due to increasing acceptance and demand from both domestic and international customers.² The industry is expected to experience significant further growth, propelled by the country's ageing population, increased prevalence of chronic diseases and rising health consciousness. Notably, the VDS market in Australia reached \$2.67 billion in revenue, and registered a healthy 6% growth in 2016, driven by both demand from the local market and booming Chinese demand for Australian-made VDS products.³

Figure 15.



Source: Euromonitor International 2016, *Vitamins and Dietary Supplements in Australia 2016*, IBIS World

VDS products are commonly included on the ARTG, and have grown as a share of industry revenue over the past five years. VDS are naturally (sometimes organically) grown products and typically consumed to provide dietary minerals and vitamins that are otherwise not sufficiently consumed in a person's staple diet, and to prevent health issues.

The industry's performance may be summarised as follows:⁴

- (a) benign economic conditions and increasing health consciousness have contributed towards the industry's growth;
- (b) supermarkets and grocery stores are increasingly demanding stocks of VDS products and the trend does not seem to be abating anytime soon; and
- (c) the industry continues to face keen competition from imports despite the increase in domestic customers and export markets.

¹Euromonitor International, *Vitamins and Dietary Supplements in Australia* report, September 2016.

²Complementary Medicines Australia (CMA) – Australia's High Quality Complementary Medicines Industry, June 2016.

³Euromonitor International, *Vitamins and Dietary Supplements in Australia* report, September 2016.

⁴Euromonitor International, *Vitamins and Dietary Supplements in Australia* report, September 2016.

3.2 DOMESTIC TRENDS

In Australia, it is estimated that 70% of Australians use VDS to support their health and wellbeing goals.⁵

Australia's ageing population has helped drive revenue growth, as the higher frequency of illness for people over the age of 50 has resulted in an increased use of VDS to supplement conventional medical treatments.⁶ According to the Australian Trade Commission, the popularity of natural healthcare products is steadily gaining traction with baby boomers (Australia's largest population group), who are increasingly attuned to alternative approaches to health. Approximately 3/4 of the Australian population consumes at least one dietary supplement each year.⁷

3.3 GLOBAL TRENDS

According to Complementary Medicines Australia, Australian complementary medicinal products such as herbal formulas, vitamins, minerals, nutritional supplement and functional foods have gained popularity among global consumers as they align with global trends identified by Euromonitor International, including:⁸

- (a) challenging ageing for an optimal mature lifestyle;
- (b) consumers shopping for control over their lives;
- (c) emphasis on mental wellbeing matters; and
- (d) eating "greener" food to minimise waste.

The push towards health consciousness, as well as the burgeoning middle class in Australia has resulted in Australian complementary medicinal exports to Asia having more than doubled from 2015 to 2016. Furthermore, formal exports of Australian VDS have grown by 36% from 2014 to 2016.⁹

Australian-made complementary supplements hold a global reputation for high safety standards and quality measure, due to the application of stringent regulatory standards. This reputation has bolstered demand for VDS from Chinese customers in particular, who generally display a growing health consciousness. It is common for Chinese customers to send Australian-made supplements home for their families, or sell them for a profit in China.¹⁰ The latter is known as "Daigou" which involves purchasing large quantities of VDS in Australia and on-selling them through online channels such as in China. The Chinese VDS market has grown at 12% per annum, being valued at A\$23.9 billion in 2016. Forecasts suggest that this market will continue to grow at 2% annually over the next 5 years.¹¹ Accordingly, Star Combo views the Asia-Pacific region (particularly China) be the most promising export market for the Company.

⁵Complementary Medicines Australia (CMA) – Australia's High Quality Complementary Medicines Industry, June 2016.

⁶Euromonitor International, Vitamins and Dietary Supplements in Australia report, September 2016.

⁷RSM International, Industry Snapshot – Vitamin and Supplement Manufacturing, April 2016.

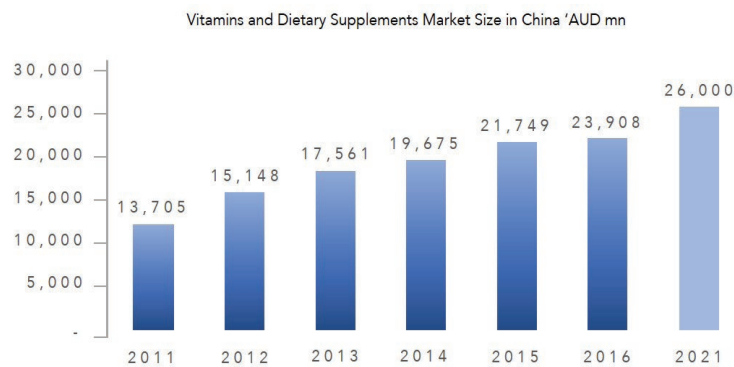
⁸Complementary Medicines Australia (CMA) – Australia's High Quality Complementary Medicines Industry, June 2016.

⁹Complementary Medicines Australia (CMA) – Australia's High Quality Complementary Medicines Industry, June 2016.

¹⁰Euromonitor International, Vitamins and Dietary Supplements in Australia report, September 2016.

¹¹Euromonitor International, Vitamins and Dietary Supplements in Australia report, September 2016.

Figure 16.



Source: Euromonitor International 2016, Vitamins

3.4 A GROWING INDUSTRY THAT IS BEING RECOGNISED

There are approximately 25,000 accredited complementary medicine practitioners in Australia. Employment prospects look optimistic for graduates as the complementary therapies industry continues to outperform the wider economy, evidenced by its strong Industry Value Added (**IVA**) growth over the past five years.¹² Furthermore, the IVA is forecasted to grow at a CAGR of 4.80% over the next 10 years which exceeds the economy's forecasted real GDP growth rate of 2.8% per annum.¹³

The increasing importance of the VDS is demonstrated on a global level by the introduction of the World Health Organisation (**WHO**) Traditional Medicine Strategy 2014-2023, which reinforces the potential contribution of VDS to health, wellness and people-centred healthcare.¹⁴

¹²Complementary Medicines Australia (CMA) – Australia's High Quality Complementary Medicines Industry, June 2016.

¹³Complementary Medicines Australia (CMA) – Australia's High Quality Complementary Medicines Industry, June 2016.

¹⁴Complementary Medicines Australia (CMA) – Australia's High Quality Complementary Medicines Industry, June 2016.

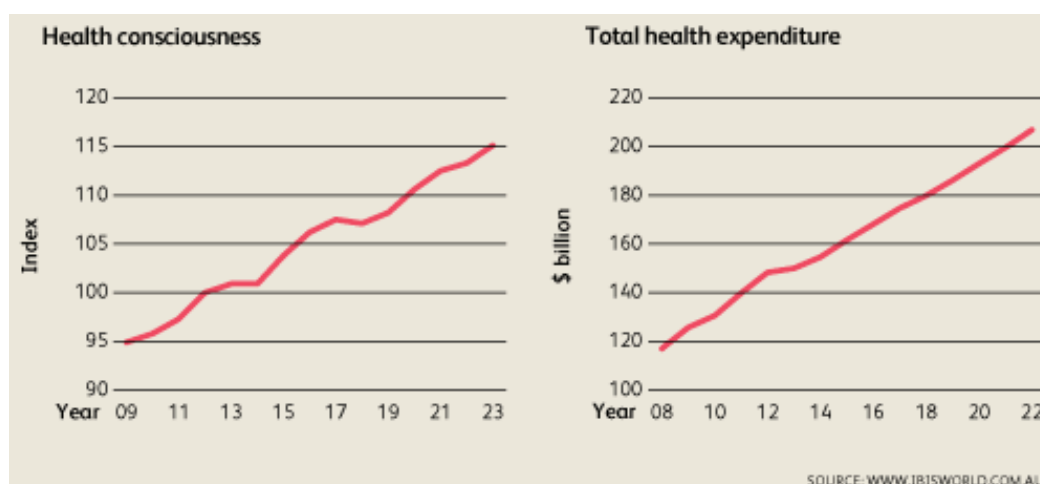
3.5 KEY DEMAND DRIVERS

The key demand drivers for products in the alternative health therapies industry include:

(a) Health consciousness

An increasing health consciousness means that consumers have a greater propensity to spend on additional treatments outside conventional medicine, such as VDS.

Figure 17.



(b) Population aged 50 and older

A consequence of Australia's ageing population is the higher incidence of ailments, thereby increasing demand for health remedies. As individuals above the age of 50 are more inclined to spend on VDS, an anticipated increase in the population aged 50 and over will provide a growth opportunity for the industry.¹⁵

(c) Real household discretionary income

Expenditure on VDS is discretionary. The increase in disposable income across export markets means that consumers can spend on discretionary purchases, therefore boosting demand for Australian VDS.¹⁶

(d) Reputation

Individuals are more likely to consume VDS with greater confidence in its efficacy. Australian made complementary medicinal products have long been known for their high safety standards and good quality. This reputation, along with the stable price of the products provides a good tailwind for players in the VDS industry.

¹⁵Euromonitor International, Vitamins and Dietary Supplements in Australia report, September 2016.

¹⁶Euromonitor International, Vitamins and Dietary Supplements in Australia report, September 2016.

3.6 AUSTRALIAN REGULATORY FRAMEWORK

Australia's VDS industry is subject to a strict regulatory regime administered by the TGA. The TGA is responsible for ensuring that therapeutic goods available for supply in Australia are safe and fit for their intended purpose. To manufacture, supply, import, and export VDS products in the Australian market, you must obtain a TGA license.

The TGA regulates the supply of:

- o medicines prescribed by a doctor or dentist;
 - o pharmacy medicines available behind the counter and for general sale;
 - o medicines available from supermarkets;
 - o complementary medicines, including vitamins, herbal and traditional medicines;
 - o medical devices; and
 - o products used to test for various diseases or conditions.
- (a) products must only contain ingredients that have been assessed as "safe" and at agreed levels by the TGA;
- (b) products must have all active ingredients tested and verified as raw materials prior to the manufacturing process;
- (c) every batch of the final product must be tested;
- (d) finished products must undergo ongoing stability trials to demonstrate that they are potent and safe for their entire shelf life;
- (e) products must undergo an ongoing product quality review to track the quality of the product over time; and
- (f) products must have any adverse events monitored by the TGA to identify any trends emerging with the use of it.

VDS supplied in Australia are usually required to be entered into the ARTG to ensure that they can be legally imported, exported, manufactured or supplied to customers.

The TGA has an established pharmacovigilance program whereby it assesses and investigates any adverse events that are reported by customers, health professionals, the broad medicine industry, international medicine regulators or medical and scientific experts.

As one of the nine soft gel production TGA license holders across Australia, Star Combo's license allows the company to produce and distribute VDS products across Australia, ensuring the quality of its products and that the ingredients used are of the highest quality.

3.7 COMPETITIVE LANDSCAPE AND MARKETING STRATEGY

The Australian VDS industry exhibits medium to high barriers to entry as it consists of a small number of incumbent manufacturers producing specialised vitamins and supplements. This factor must be considered in light of the strict regulatory requirements for the manufacture of oral vitamin and health supplements.

Star Combo believes it has a competitive advantage in its ability to leverage its products as being "100% Australian Made," unlike most of its competitors. The Company is confident that this strong brand proposition will bolster the distribution of its products through the Daigou channel in particular.

MANAGEMENT AND CORPORATE GOVERNANCE



4

4.1 BOARD OF DIRECTORS

The Board of Directors comprise a selection of individuals with experience and expertise relevant to the pharmaceutical, health and wellness industry, and have strong skills in leadership and management.

Detailed biographies of each of the Directors are set out in **Figure 18.** below.

Figure 18.

Richard Allely Chairman

Qualifications

Masters of Business Administration and Management (MBA)
Diploma in Corporate Management (DipCM)
Certificate in Accounting & Commerce

Experience

- Richard was appointed to the Board in 2017 as an independent Non-Executive Director and Chairman.
- Richard currently sits on the boards of the Australasian Medical Publishing Co Pty Limited (Chairman) and PGA of Australia Limited (Independent Director and Chairman of the Audit & Risk Committee).
- Richard has previously held non-executive roles on the boards of Perisher Blue Pty Ltd, Australian Property Monitors Pty Ltd and Source Financial Inc. (a USA Public Company).
- He has also been an independent member of WorkCover Authority of NSW and an advisory board member of Renoir Consulting Group.
- Richard was the Managing Director and CEO of PMP Limited (PMP) until 2012, when he stepped down from the position, after serving just over 10 years with the company (7 years as CFO). PMP is the largest printing and distribution company in Australia and New Zealand with a turnover in excess of \$A1 billion.
- Prior to this, Richard held senior executive roles with a number of leading Australian and International companies including Tenix Pty Limited (formerly Transfield Pty Limited), John Fairfax Holdings Limited, Boral Limited, James Hardie Industries Limited and Fanner-PLP Pty Limited.
- Richard has significant experience in the manufacturing, building & construction and publication and media sectors within Australia and South East Asia.

Interests in shares and options

Mr Allely has entered into an option agreement with the Company, under which he has the option to purchase 1 million Shares at the price of \$0.625 per Share. The option expires three years from Listing. The details of this agreement are set out in Section 10.2(b).

Star (JinXing) Zhang
Chief Executive Director

Qualification

Bachelor of Science (Biochemistry major)

Experience

- Star was appointed to the Board in 2017 as Managing Director.
- Star is the founder of Star Combo and has a strong background in the pharmaceutical industry.
- After graduation from university, Star worked for 10 years at a medical research company in China which produced hard gel capsules, tablets and injections. While there, he pioneered the extraction and purification of hyaluronic acid, important as a lubricant in ocular surgery. Furthermore, he developed methods to separate low molecular weight hyaluronic acid, which is used in cosmetics.
- Star then immigrated to New Zealand, where he studied Commerce at the University of Auckland for one year.
- Upon returning to Australia, Star incorporated Star Combo in 2004 to address the need for high quality and affordable Australian made health foods in the market.

Interests in shares and options

On the Prospectus Date and at Closing, Mr Zhang will hold 38,165,510 Shares.

Su Zhang
Chief Executive Officer

Qualifications

Masters of Business Administration
Graduate Certificate in Commerce
Bachelor of Pharmacy

Experience

- Su has been working in the pharmaceutical industry for over 10 years, starting her career with Terry White Chemists after graduating in 2006.
- Upon leaving Terry White Chemists, Su worked for 3 years at Abbott Australia. She commenced at Abbott Australia as a Senior Drug Safety Associate and later moved into the role of Asia Pacific Regional Manager.
- In 2009, Su commenced employment with Star Combo, initially focusing her efforts on obtaining a TGA licence for Costar Pharma.
- Su's responsibilities within Star Combo include quality control and compliance, operational management, production planning and sales cycle management.

Interests in shares and options

On the Prospectus Date and at Closing, Ms Zhang will hold 11,448,980 Shares.

4.2 MANAGEMENT TEAM

Star Zhang
Managing Director

See Section 4.1.

Su Zhang
CEO

See Section 4.1.

Huilin Lu
Production Manager

- Huilin has been employed by Star Combo for 8 years.
- Huilin is a Production Manager and coordinator of all areas of the business, including managing production operations and the warehouse to ensure products meet quality, cost and volume criteria and work flow meets GMP standards.

Interests in shares and options

Pursuant to the Restructure, and as set out in Section 5.2, Mr Huilin Lu was issued with 385,510 Shares, representing approximately 1% of the share capital of the Company at Closing.

Ding Chen
Production Manager

- Ding has been employed by Star Combo for 6 years.
- Ding is a Production Manager and has worked in the pharmaceutical industry for 18 years.
- Ding holds a Diploma in Mechanical Design and Manufacturing from Xi'an Jiao Tong University (China) and a Certificate III in Pharmaceutical Manufacturing.
- Ding primarily works on the set-up, adjustment and operation of the soft gel, tablet and hard shell encapsulations machines.

James Ni
Group Accountant

- James has been employed by Star Combo since January 2018
- James is the Group Accountant and has over 15 years accounting and tax experience in Australia.
- James holds a Master of Professional Accounting degree from the University of Western Sydney and a Bachelor of Commerce from Shanghai University of Finance and Economics.
- James is a Fellow of CPA Australia (FCPA), a registered tax agent and a Chartered Tax Adviser (CTA).

Jodi Corns
Quality Assurance Manager

- Jodi has been employed by Star Combo since August 2017.
- Jodi is the Company's Quality Assurance Manager and holds a National Diploma/Degree in Analytical Chemistry from Cape Technicon (South Africa).
- Jodi has over 20 years' experience in quality assurance within the pharmaceutical industry, having worked in quality control roles in well-known pharmaceutical companies such as Johnson & Johnson, Jalco Pharmaceutical and Parnell Manufacturing.
- Jodi's role is fundamental to the strategic development, implementation and continuous improvement of the Group's existing and new best-practice Quality Management Systems.

Yan Zhen Song
Human Resources Manager

- Yan has been employed by Star Combo for 13 years, initially holding the position of Facility Manager at Star Combo's Rydalmere laboratory. Yan is now the Company's Human Resources Manager.
- Yan is responsible for the oversight of policy implementation, recruitment, training and salary management at Star Combo.
- Yan has held numerous roles at public research laboratories in China, bringing over 20 years of pharmaceutical manufacturing and research to Star Combo.

4.3 REMUNERATION AND INTERESTS

Details of the remuneration and interests of Directors and officers and the remuneration of certain members of key management personnel are set out in Section 10.2.

Section 10.10(q) sets out the provisions under the Company's Constitution in relation to Directors' Remuneration.

4.4 DEEDS OF ACCESS, INSURANCE AND INDEMNITY FOR DIRECTORS

Star Combo has executed a Deed of Access, Indemnity and Insurance with each Director. In summary, each Deed provides:

- certain indemnities to the Director, to the extent permitted by law and to the extent that the Director is not indemnified by any directors' and officers' liability insurance, against all liabilities incurred by the Director (including reasonable legal costs incurred by the Director) as a Director or as a director of any company which is a related body corporate of Star Combo;
- that Star Combo will advance funds to the Director for reasonable legal costs and expenses incurred by the Director in defending an action for a liability to which the indemnities relate and before the outcome of the legal proceedings is known. The Director is required to repay these funds in certain circumstances upon the outcome of the legal proceedings becoming known. The Director must also repay any amounts paid for legal costs and expenses to the extent it receives payment for them under any insurance policy or another indemnity;

- that Star Combo will maintain directors' and officers' liability insurance for the benefit of the Director during the period which the Director holds office as a director of Star Combo and for a period of seven years after the Director ceases to hold office; and
- the Director a limited right of access to Star Combo's books during the period which the Director holds office as a director of Star Combo and for a period of seven years after the Director ceases to hold office.

4.5 CORPORATE GOVERNANCE

The Board is responsible for the overall corporate governance of the Company.

The Company's corporate governance framework has been formulated in light of the third edition of the ASX Corporate Governance Principles and Recommendations (**ASX Recommendations**). The ASX Recommendations are not prescriptions, but guidelines.

However, under the Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Recommendations in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it. Except as set out below, the Company intends to comply with all of the ASX Recommendations, with effect from Listing.

(a) Board of Directors

The Board of Directors comprises three Directors, including one independent Non-Executive Director, who is also the Chairman and two Executive Directors. Detailed biographies of the Directors are provided in Section 4.1.

The board considers an independent Director to be a Non-Executive Director who is not a member of Management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to interfere with the independent and unfettered exercise of their judgement.

The Board considers that Richard Allely is an independent Director, free from any business or any other relationship that could materially interfere, or reasonably be perceived to interfere with the independent exercise of the Director's judgment. Mr Allely is able to fulfil the role of an independent Director for the purposes of ASX Recommendations. Mr Allely is not acting as the nominee or representative of any current or former shareholder of Star Combo, or as nominee or representative of the Lead Manager or suppliers to Star Combo.

Su Zhang and Star Zhang are not considered by the Board to be independent for the purposes of ASX Recommendations. Mr Zhang and Ms Zhang, they have been, and are employed in an executive capacity by the Company, and will be substantial Shareholders on Closing. Notwithstanding, the Board considers that Mr Zhang and Ms Zhang will add significant value to Board deliberations, given their extensive involvement in, and experience with Star Combo.

(b) Board Charter

The Board has adopted a written charter to provide a framework for the effective operation of the Board, which sets out:

- the Board's role and responsibilities;
- the relationship and interaction between the Board and Management;

- the structure of the Board;
- the duties of each member of the Board;
- the Board's policy on conflicts of interest; and
- the assessment of performance of Board members.

The Board's role is to, among other things:

- monitor the Company's operational and financial position, performance and business strategy;
- maximise Company performance, including generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of Star Combo's business;
- ensuring the Company is properly managed to protect and grow the interests of Shareholders;
- set and monitor the strategic objectives of the Company;
- approve and monitor annual budgets, business plans, major capital expenditure, external communications and major capital expenditure;
- determine the Company's dividend policy;
- oversee the integrity of accounting and corporate reporting systems;
- monitor senior management's performance and approve remuneration policies and practices;
- approve and monitor the Company's risk management framework, including compliance with ASX Recommendations and relevant regulatory requirements;
- ensure the preparation of accurate financial reports and statements, namely that they provide a true and fair view of the Company's financial position;
- appoint, re-appoint and remove external auditors; and
- review the effectiveness of communication with the Company's shareholders.

The management function is conducted by, or under the supervision of the CEO, as directed by the Board. Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Each Director individually, has the right to seek independent professional advice. In some circumstances, the Chairman may determine that any advice received by an individual Director will be circulated to the remainder of the Board.

(c) Board Committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. To date, taking into the size and phase in the Company's operations, no such committees have been established. The Board will regularly review its corporate governance framework with a view to establishing appropriate committees as and when appropriate.

Copies of the Company's key charters and policies are available on the Company's website at: www.starcombo.com.au.

4.6 CORPORATE GOVERNANCE POLICIES

The Board has adopted the following corporate governance policies, each having been prepared having regard to ASX Recommendations and which are available on the Company's website at: www.starcombo.com.au.

(a) Shareholder Communication Policy

The Board aims to ensure effective communication with Shareholders by keeping them informed of major developments affecting Star Combo in accordance with all applicable laws. Star Combo will produce half yearly and yearly financial reports, and an annual report, to give Shareholders a balanced understanding of Star Combo. All ASX announcements made to the market, as well as all Shareholder communications are posted in a separate Section on the Company's website. The website also contains information to assist Shareholders in directing inquiries to the Company's Share Registry.

(b) Continuous Disclosure Policy

Upon Listing, Star Combo will have continuous disclosure obligations under the Corporations Act and the Listing Rules, in addition to periodic and specific disclosure obligations. Subject to the exceptions contained in the Listing Rules, the Company will be required to disclose to the ASX, any information concerning Star Combo that a reasonable person would expect to have a material effect on the price or value of Star Combo Shares.

Star Combo's continuous disclosure policy establishes procedures that are aimed at ensuring that Directors and employees are aware of, and fulfil, their obligations in relation to the timely disclosure of material price-sensitive information. The Company has a disclosure committee, comprised of the Chairman, CEO, CFO and Company Secretary who are responsible for administering the policy, including ensuring compliance with the policy, and approving disclosure in conjunction with the Board.

(c) Code of Conduct

Star Combo's code of conduct has been drafted in light of the Company's mission to conduct its business in accordance with the highest standards of business conduct. The code of conduct sets out the standards applicable to all Company representatives, in relation to compliance with the law, safety, the environment and ethical standards. In particular, Company representatives are required to:

- read, understand and comply with Company policies and procedures;
- exhibit honesty and integrity in the performance of their duties;
- conduct business with proper care, skill and diligence; and
- complete any necessary training in the Company's policies and procedures.

(d) Securities Trading Policy

The Company's securities trading policy applies to all Company Directors, employees and their connected persons and consultants. The policy outlines the law relating to insider trading, provides a framework for compliance, sets out the Company's policy in relation to confidential information and the restrictions that apply to trading Star Combo securities at certain times.

"Restricted Persons" (including the Directors, CEO, CFO, Company Secretary, and their closely connected persons), are prohibited from trading outside the following permitted trading periods:

- the 30 day period after the day of the announcement to ASX of full year results;
- the 30 day period after the day of the announcement to ASX of half-year results;
- the 30 day period after the day of the annual general meeting; and
- during the period that an offer for Star Combo shares remains open for acceptance.

In any case, Restricted Persons cannot trade Shares at all when they have inside information, or if the trading is for short term or speculative gain. A copy of this Securities Trading Policy will be available on the Company's website at www.starcombo.com.au.

(e) Diversity Policy

Star Combo's diversity policy confirms the commitment of Star Combo to achieving diversity in its workplace. Star Combo recognises the importance of diversity in:

- creating a high performance and inclusive culture;
- recognising and respecting the value of individual differences, ensuring that all employees are treated with fairness and respect;
- eliminating unlawful discrimination and inappropriate workplace behavior, such as bullying, harassment, vilification and victimisation;
- integrating equity and diversity principles into key people processes and practices; and
- implementing strategies, programs and initiatives, which enable and harness diversity in the workplace.

Star Combo will report annually on the measurable objectives adopted to achieve diversity, and on the progress towards achieving those objectives. A copy of this Diversity Policy will be available on the Company's website at www.starcombo.com.au.

OWNERSHIP AND STRUCTURE OF STAR COMBO

5



5.1 THE GROUP

As at the date of this document, the Group is made up of the following entities:

Figure 20.

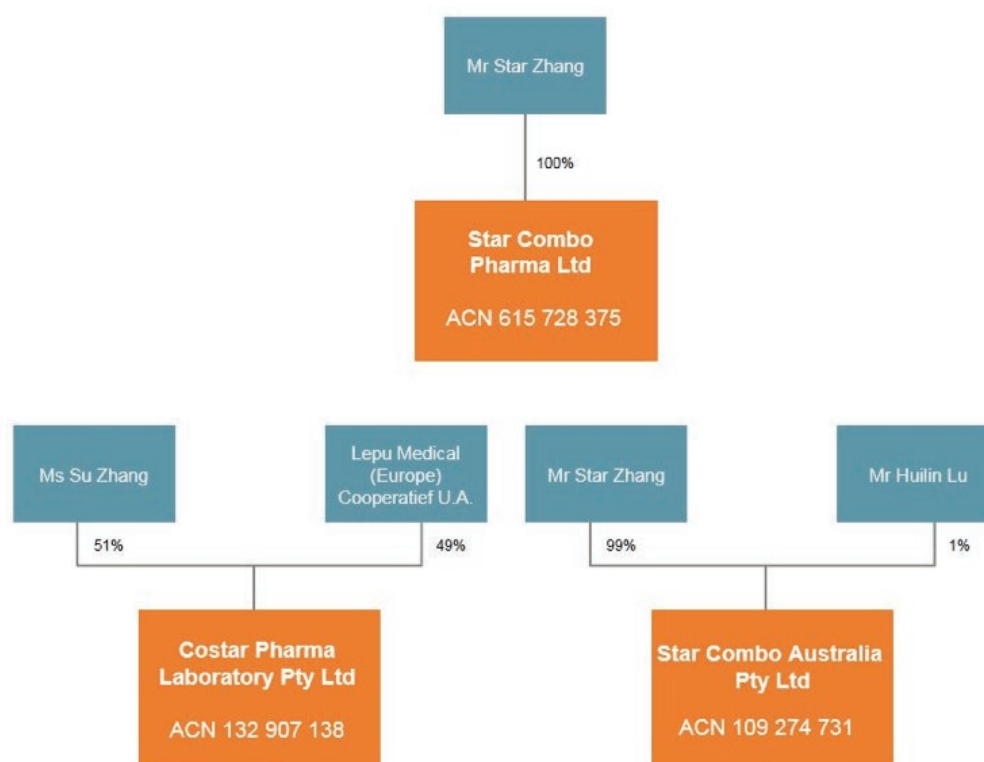
Group Company	Full name and ACN	Directors	Role in Group
Star Combo Australia	Star Combo Australia Pty Ltd ACN 109 274 731	Mr Star Zhang	Since incorporating in May 2004, Star Combo Australia has been the main operating entity for the Group.
Costar Pharma	Costar Pharma Laboratory Pty Ltd ACN 132 907 138	Ms Su Zhang	Costar Pharma was incorporated in August 2008 to hold the TGA License on behalf of the Group.
Star Combo	Star Combo Pharma Limited ACN 615 728 375	Mr Star Zhang Ms Su Zhang Mr Richard Allely	Star Combo was incorporated in November 2016 in anticipation of the Group listing on the ASX under the ticker ASX:S66.

5.2 RESTRUCTURE

From 1 February 2018, the Company entered into the necessary agreements to conduct a restructure so that Star Combo Australia and Costar Pharma became wholly owned subsidiaries of Star Combo (**Restructure**). The Restructure took effect from 5 February 2018.

Prior to the Restructure, the company structure was as follows:

Figure 21.



For the purposes of the IPO, it was decided by the Board that a group comprising three companies would be the most efficient structure, comprising Star Combo as the listed holding company, with a subsidiary operating entity and a subsidiary licensing entity.

The necessary parties entered into transaction documents to effect the Restructure, under which:

- (a) (Transfer of Star Combo Australia to Star Combo) Mr Star Zhang and Mr Huilin Lu sold all of the shares they held in Star Combo Australia to Star Combo. As consideration, Star Combo issued an aggregate of 38,551,020 shares in Star Combo to Mr Star Zhang and Mr Huilin Lu; and
- (b) (Transfer of Costar Pharma to Star Combo) Ms Su Zhang and Lepu sold all of the shares they held in Costar Pharma to Star Combo. As consideration, Star Combo issued an aggregate of 22,448,980 shares in Costar Pharma to the Ms Su Zhang and Lepu.

Following the IPO, it is intended that the ownership structure of the Group will be as set out in **Figure 22.** and **Figure 23.** below.

Figure 22.

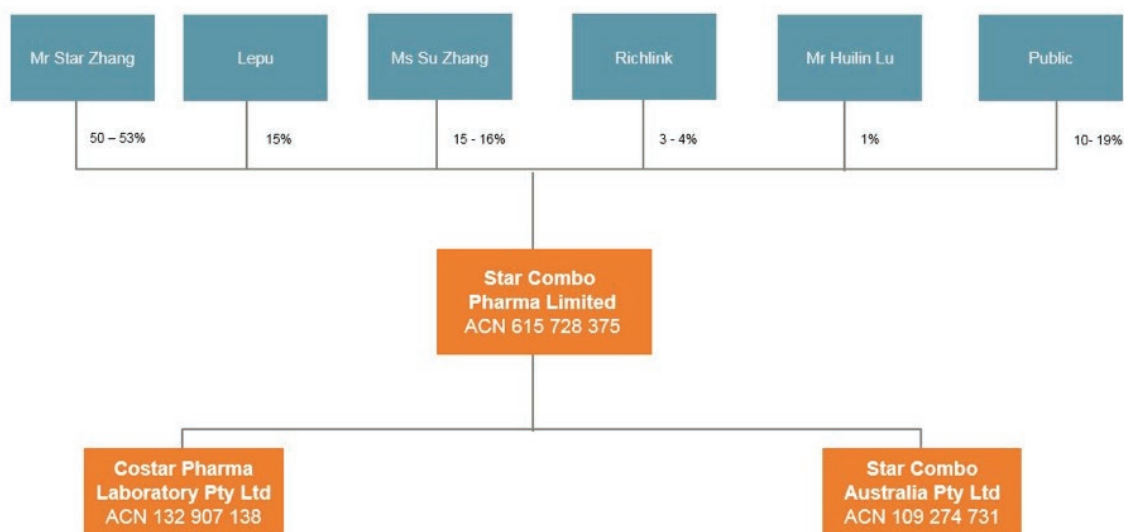


Figure 23.

Substantial holder	%*
Mr Star Zhang	50 - 53%
Lepu	15%
Ms Su Zhang	15 - 16%
Richlink	3 - 4%
Mr Huilin Lu	1%
Public	10 – 19%

*These ranges set out the indicative percentage holding of each shareholder based on the minimum and maximum amounts raised under the Offer.

A close-up portrait of a woman with curly blonde hair, smiling broadly. She is wearing a white lab coat over a blue top. The background is a blurred laboratory or clinical setting with another person visible in the distance.

DETAILS OF THE OFFER

6

6.1 THE OFFER

This Prospectus relates to an initial public offering of between 6,620,000 million to 14,620,000 new Shares in Star Combo at an offer price of \$0.50 per Share (Offer Price).

The Company proposes to raise a minimum of \$3,000,000 and a maximum of \$7,000,000 at the Offer Price under this Prospectus.

The Shares offered under this Prospectus will represent approximately 9 - 19% of the Shares on issue at Closing. All Shares will, once issued, rank equally with each other.

At Closing, 50 million Shares will be held by Star Zhang, Su Zhang and Huilin Lu and subject to voluntary escrow arrangements for the period of 24 months from Listing as described in Section 10.4.

	Minimum Subscription	Target	Maximum Subscription
Amount to be raised	\$3,000,000	\$5,000,000	\$7,000,000
Existing shares before IPO	1	1	1
Shares to be issued under Restructure			
(a) Acquisition of Star Combo Australia			
Shares to Star Zhang	38,165,510	38,165,510	38,165,510
Shares to Hui Lin Lu	385,510	385,510	385,510
(b) Acquisition of Costar			
Shares to Su Zhang	11,448,980	11,448,980	11,448,980
Shares to Lepu	11,000,000	11,000,000	11,000,000
Shares issued under this Prospectus	6,620,000	10,620,000	14,620,000
Total shares on issue at IPO	67,620,000	71,620,000	75,620,000
Market indicative capitalisation at the Offer Price	\$33,810,000	\$35,810,000	\$37,500,000
Voluntary escrow arrangements for the period of 24 months from Listing			
Shares held in escrow as a percentage of total shares on issue at IPO (%)			
Shares held in escrow by Star Zhang	38,165,510 (56.4%)	38,165,510 (53.3%)	38,165,510 (50.5%)
Shares held in escrow by Su Zhang	11,448,980 (16.9%)	11,448,980 (16.0%)	11,448,980 (15.1%)
Shares held in escrow by Huilin Lu	385,510 (0.6%)	385,510 (0.5%)	385,510 (0.5%)

Furthermore, subsequent to 30 June 2017 and pursuant to the proposed listing, Star Combo issued 3,600,000 options to Richlink exercisable within 3 months from Listing, 1,000,000 options to Richard Allely exercisable within 3 years from Listing and 400,000 options to Ovina in four separate tranches. The details of these options are set out in Section 7.5 and Section 10.6.

A summary of the rights attaching to the Shares is set out in Section 10.10.

The Offer is made on the terms and is subject to the conditions set out in this Prospectus.

6.2 ASX LISTING

Star Combo has applied to ASX for admission to the official list of ASX and for quotation of the Shares on the ASX under the code S66.

If approval is not given within three months after the Prospectus Date (or any longer period permitted by law), the Offer will be withdrawn and all Application Money received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

It is expected that quotation will initially be on a conditional and deferred settlement basis. Closing of the Offer is conditional on the ASX approving this application.

6.3 OPENING AND CLOSING DATES

The proposed opening date for acceptance of the Offer will be 27 February 2018 or such later date as may be prescribed by ASIC.

The Offer will remain open until 5.00 pm on 27 April 2018 (**Closing**).

Star Combo reserves the right to open and close the Offer at any other date and time, without prior notice.

6.4 PURPOSE OF THE OFFER

Listing will allow the Group to access new capital to expand its operations and achieve economies of scale.

Sales and marketing

The Offer will allow the Group to take the steps necessary to expand the branded product segment's revenue contribution from 30% of total revenue (as at the date of this Prospectus) to 50% of total revenue in the next 2 years and 75% of total revenue in the next 5 years.

A major first step toward this goal was taken in August 2017, when Star Combo Australia entered into an agreement with TW&CM Pty Ltd ACN 136 833 620 (**Terry White**) under which Star Combo Australia acquired all rights associated with the Living Healthy brand. The specific arrangements pursuant to this agreement are set out in section 10.6(e).

The Company has identified a market in China known as the Daigou market where commodities are purchased for customers in mainland China. In particular, the Company intends to develop a specific Living Healthy Daigou team to further the profitability and success of this new brand.

The Company's ability to maintain its success in this overseas market depends on its ability to retain

and bolster the perception of its Australian character. If the Company is listed on the ASX, it will further strengthen the Company's commitment to high Australian corporate standards and the Company will, in return, benefit from heightened prestige of being a public listed company.

Business acquisitions

The Offer will also allow the Group to complete strategic company acquisitions to achieve greater economies of scale and operation synergies.

Working capital and corporate administration

The Group believes that its factory utilisation can be increased substantially and in a short period of time (if required) through the recruitment of additional employees. Listing on the ASX will enable the Company to generate funds to reach these utilisation goals. Further information about Star Combo's factory facilities are set out in Section 2.7.

Repayment of borrowings

The proceeds of the Offer will be used to repay proceeds of all of the Group's loan facilities (currently \$1.62 million) in full.

6.5 USE OF FUNDS

The table below details Star Combo's intended uses of funds raised from the Offer.

	Minimum subscription	Target subscription	Maximum subscription
Amount raised from IPO	\$3,000,000	\$5,000,000	\$7,000,000
Plus capital from Lepu (Seed Capital)	\$5,000,000	\$5,000,000	\$5,000,000
Less Cost of IPO (net off amount spent before 30 Jun 17)	-\$889,249	-\$1,049,129	-\$1,209,129
Total available funds	\$7,110,751	\$8,950,871	\$10,790,871
Use of funds			
Sales and marketing	3,911,000 (55%)	5,131,000 (57%)	6,419,000 (59%)
Business acquisitions	1,137,000 (16%)	1,466,000 (17%)	1,834,000 (17%)
Working capital and corporate administration	442,751 (6%)	733,871 (8%)	917,871 (9%)
Repayment of borrowings	1,620,000 (23%)	1,620,000 (18%)	1,620,000 (15%)
Total use	\$7,110,751	\$8,950,871	\$10,790,871

At Closing, the Company believes that it will have sufficient funding to meet the growth initiatives outlined in Section 2.13.

6.6 HOW TO APPLY FOR SHARES

Applications for Shares under the Offer must be made using the Application Form accompanying this Prospectus.

Applications for Shares must be for a minimum of 4,000 Shares and thereafter in multiples of 1,000 Shares. Payment for the Shares must be made in full at the offer price of \$0.50 per Share.

There is no maximum value of Shares that may be applied for under the Offer.

The Offer is open to Applicants resident in Australia only. All Applicants under the Offer must have an eligible residential or, in the case of a corporate Applicant, registered office address in Australia.

Completed Application Forms and accompanying payment must be lodged by 5.00 pm AEST on Closing.

By mail to:

Star Combo Pharma Ltd
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

By hand delivery to:

Star Combo Pharma Ltd
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

(Please do not use this address for mailing purposes)

Cheques must be in Australian currency and drawn on an Australian branch of a financial institution. Cheques should be made payable to "Star Combo Pharma Limited" and crossed "Not Negotiable".

Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s).

If the amount of your cheque(s) or bank draft(s) is insufficient to pay for the Shares you have applied for in your Application Form, you may be taken to have applied for such lower number of Shares as your cleared Application Amount will pay for (and to have specified that number of Shares in your Application Form) or your Application may be rejected.

Alternatively you may also apply online at www.starcombo.com.au and pay your Application Monies via Bpay before the Offer closes. If applying online, please follow the instructions set out on the online portal. Your application must be for a minimum of 4,000 Shares and thereafter in multiples of 1,000 Shares at A\$0.50 per Share.

If the amount of clear funds received via Bpay is less than the Application Monies specified on your Application, you will be taken to have applied for such lower number of Shares as your cleared Application Monies will pay for or your Application will be rejected.

If the amount of cleared funds received is greater than the amount of the Application Monies specified on your Application, you will be taken to have applied for such higher number of Shares as your cleared payment will pay.

6.7 ALLOTMENT OF SHARES

Subject to the Offer amount being raised and the Listing occurring, allotment of the Shares offered by this Prospectus will take place as soon as practicable after Closing.

The Directors reserve the right to allot the Shares in full for any Application or to allot any lesser number or to decline any Application if they believe the Application does not comply with applicable laws or regulations.

To the extent that Applications received are in excess of \$100,000, the Applications will be scaled back at the absolute discretion of the Directors.

If an Application Form is not completed correctly, or if the accompanying payment of the Application money is for the wrong amount, it may still be treated as a valid Application. The Directors' decision whether to treat the Application as valid and how to construe, amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of Application money paid by the Applicant.

If you are not issued all of the Shares you apply for and deliver funds, you will receive a refund, as set out in Section 6.11.

6.8 ASX LISTING

Star Combo has applied to the ASX for admission to the official list of ASX and quotation of the Shares on the ASX. Star Combo's ASX code is expected to be S66.

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit Star Combo to the Official List is not to be taken as an indication of the merits of Star Combo or the Shares offered for subscription.

If permission is not granted for the official quotation of the Shares on the ASX within three months after the Prospectus Date (or any later date permitted by law), all Application Money received by Star Combo will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

6.9 ASX CLEARING HOUSE ELECTRONIC SUB-REGISTER SYSTEM

Star Combo has applied to participate in the ASX's Clearing House Electronic Subregister System (**CHES**) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHES is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters: an electronic CHESS subregister or an issuer sponsored subregister. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following Closing, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Securityholder Reference Number (SRN) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their shareholding. Certificates will not be issued. Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. Star Combo and the Share Registry may charge a fee for these additional issuer sponsored statements.

6.10 COMMENCEMENT OF TRADING

It is expected that trading of the Shares on the ASX (on a conditional and deferred basis) will commence 10 business days after the date on which the Offer is closed.

The contracts formed on acceptance of Applications will be conditional on the ASX agreeing to quote the Shares on the ASX, and on issue occurring. Trades occurring on the ASX before issue occurring will be conditional on issue occurring. Conditional trading will continue until Star Combo has advised the ASX that issue has occurred, which is expected to be on or about 7 May 2018. Trading will then be on an unconditional but deferred settlement basis until Star Combo has advised the ASX that holding statements have been dispatched to Shareholders. Normal settlement trading is expected to commence on or about 11 May 2018.

If settlement has not occurred within 14 days (or such longer period as the ASX allows) after the day Shares are first quoted on the ASX, the Offer and all contracts arising on acceptance of the Offer will be cancelled and of no further effect and all Application Money will be refunded (without interest). In these circumstances, all purchases and sales made through the ASX participating organisations during the conditional trading period will be cancelled and of no effect.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If Shares are sold before receiving a holding statement, successful Applicants do so at their own risk. Star Combo and the Lead Manager disclaim all liability, whether in negligence or otherwise, if a Shareholder sells Shares before receiving a holding statement, even if the Shareholder obtained details of their holding from the Star Combo Offer Information Line or confirmed their firm allocation through a Broker.

6.11 REFUNDS

Application money will be refunded (in full or in part, as applicable) in Australian dollars where an Application is rejected, an Application is subject to a scale-back or if the Offer is withdrawn or cancelled.

No interest will be paid on any refunded amounts. The Company, irrespective of whether the allotment of the Shares takes place, will retain any interest earned on the Application money.

Refund cheques will be sent as soon as practicable following the close or termination of the Offer.

6.12 WITHDRAWAL

Star Combo reserves the right to withdraw the Offer at any time before the issue of the Shares.

If the Offer is withdrawn, the application money will be refunded. No interest will be paid on any application money refunded as a result of the withdrawal of the Offer or otherwise. The Company will retain any interest which accrues on application money.

6.13 ENQUIRIES

This Prospectus and information about the Offer is available in electronic form at www.starcombo.com.au. All enquiries in relation to this Prospectus should be directed to your broker, or the Star Combo IPO Information Line by telephone on + 61 1800 500 095 from 8:30am to 5:00pm (Sydney time), Monday to Friday during the Offer Period.



7 FINANCIAL INFORMATION

Star Combo was incorporated on 4 November 2016. As a result of the Restructure, and as set out in Section 5.2, the Company now owns Star Combo Australia and Costar Pharma.

Historically, Star Combo Australia did not own Costar Pharma, but the two companies have been one family unit controlled by the same individuals operationally and financially. The statutory consolidated historical financial statements of Star Combo Australia for years ended 30 June 2015, 30 June 2016 and 30 June 2017 reflect the aggregated results of the two companies due to the deemed control of Costar Pharma by Star Combo Australia. The pro forma historical financial information set out in this Prospectus describes the Group after the Restructure.

This financial information has been prepared on the basis of the Company achieving the minimum capital raise of \$3,000,000 as stated in the Key Offer Details.

7.1 INTRODUCTION

The financial information for Star Combo contained in this Section 7 includes:

- statutory historical financial information for Star Combo Australia, comprising:
 - statutory historical consolidated statements of profit and loss for the years ended 30 June 2015 (**FY15**), 30 June 2016 (**FY16**) and 30 June 2017 (**FY17**) (together, **Statutory Historical Results**);
 - statutory historical consolidated statements of cash flow for FY15, FY16, and FY17 (together, **Statutory Historical Cash Flows**); and
 - statutory historical consolidated statement of financial position as at 30 June 2017 (**Statutory Historical Statement of Financial Position**),

(together, the **Statutory Historical Financial Information**); and

- pro forma historical financial information for Star Combo, comprising:
 - pro forma historical consolidated statements of profit and loss for FY15, FY16 and FY17 (together **Pro Forma Historical Results**); and
 - pro forma historical consolidated statements of cash flows for FY15, FY16 and FY17 (together **Pro Forma Historical Cash Flows**); and
 - pro forma historical consolidated statement of financial position as at 30 June 2017 (**Pro Forma Historical Statement of Financial Position**),

(together, the **Pro Forma Historical Financial Information**).

The Statutory Historical Financial Information and Pro Forma Historical Financial Information together are referred to as the **Financial Information** in this Prospectus.

Also summarised in this Section is:

- the basis of preparation and presentation of the Financial Information (refer to Section 7.1(a) 7.1(b));

- information regarding certain non-Australian Accounting Standards (**AAS**) financial measures (refer to Section 7.1(c));
- the pro forma adjustments to the Statutory Historical Financial Information respectively (refer to Section 7.3, Section 7.4 and Section 7.5);
- information regarding Star Combo's liquidity and capital resources (refer to Section 7.1(b)); and
- details of the proposed dividend policy (refer to Section 7.7).

7.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

(a) Overview

There are no standalone statutory historical financial statements for the Company. The statutory consolidated historical financial statements of Star Combo Australia for the years ended 30 June 2015, 30 June 2016 and 30 June 2017 have been audited by BDO East Coast Partnership ABN 83 236 985 726 (**BDO Audit**). BDO Audit were appointed as auditors after the end of the 2016 financial year end and thus were unable to observe the physical inventory count as at 30 June 2015 and 30 June 2016. The audit report for each financial year was qualified on this basis.

Star Combo was incorporated on 4 November 2016. The Company has recently acquired Star Combo Australia and Costar Pharma, as part of the Restructure. The Directors elected to account for the acquisition of Star Combo Australia and Costar Pharma by the Company as a capital re-organisation rather than a business combination. In the Directors' judgement, the continuation of the existing accounting values is consistent with the accounting treatment that would have occurred if the assets and liabilities had already been in the structure suitable for the Offer and most appropriately reflects the substance of the internal restructure. As such, the consolidated financial statements of the Group have been presented as a continuation of the pre-existing accounting values of the assets and liabilities in the financial statements of Star Combo Australia and Costar Pharma.

The Statutory Historical Financial Information has been prepared and presented in accordance with the measurement and recognition principles of AAS under the special purpose framework.

Star Combo operates on a financial year ending 30 June. All amounts disclosed in Section 7 are presented in Australian Dollars (**AUD**).

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by AAS, and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. The Company's key accounting policies have been consistently applied throughout the financial periods presented and are set out in Section 7.

The Statutory Historical Financial Information has been reviewed and reported on by BDO Corporate Finance (East Coast) Pty Ltd ACN 050 038 170 (BDO) as set out in the Independent Limited Assurance Report on Historical and Pro Forma Financial Information set out in Section 8.

(b) Preparation of the Financial Information

The Statutory Historical Financial Information has been extracted from the audited statutory consolidated financial statements of Star Combo Australia for FY15, FY16 and FY17. The Pro Forma Historical

Financial Information has been prepared for inclusion in this Prospectus. The Pro Forma Historical Results and Pro Forma Historical Cash Flows have been derived from the Statutory Historical Financial Information, with pro forma adjustments being made to reflect Star Combo's operating and capital structure following completion of the Restructure and completion of the Offer, elimination of certain non-recurring items, and adjustments to reflect standalone public company expenses.

The Pro Forma Historical Statement of Financial Position as at 30 June 2017 is based on the audited consolidated financial statements of Star Combo at that date adjusted to reflect the impact of the Offer and other material transactions post 30 June 2017.

Refer to Section 7.3 for a reconciliation between Statutory Historical Results and Pro Forma Historical Results, to Section 7.4 for a reconciliation between the Statutory Historical Cash Flows and the Pro Forma Historical Cash Flows and to Section 7.5 for a reconciliation between the Statutory Historical Statement of Financial Position and the Pro Forma Historical Statement of Financial Position.

Investors should note that past results are not a guarantee of future performance.

(c) Explanation of certain non-AAS financial measures

Star Combo uses certain measures to report on its business that are not recognised under AAS. These measures are collectively referred to in Section 7, and under Regulatory Guide 230 'Disclosing non-AAS financial information' published by ASIC, as "non-AAS financial measures". The principal non-AAS financial measures that are referred to in this Prospectus are as follows:

- **Capital expenditure:** a combination of capitalised product development expenses and property, plant and equipment.
- **Working capital:** trade and other receivables and other current assets less trade and other payables and income tax payable and employee entitlements.

Certain financial data included in this Section 7 is also non-AAS financial information.

Although Star Combo believes that these measures provide useful information about the financial performance of Star Combo, they should be considered as supplementary to the measures that have been presented in accordance with AAS and not as a replacement for them. Because these non-AAS financial measures are not based on AAS, they do not have standard definitions, and the way Star Combo calculated these measures may differ from similarly titled measures used by other companies. Investors should therefore not place undue reliance on these non-AAS financial measures.

7.3 CONSOLIDATED STATUTORY AND PRO FORMA HISTORICAL RESULTS

(a) Overview

Table 1 below sets out the Statutory Historical Results for FY15, FY16 and FY17 and the Pro Forma Historical Results for FY15, FY16 and FY17.

Table 1: Statutory and Pro Forma Historical Results for FY15, FY16 and FY17

A\$	Note	Statutory Historical			Pro Forma Historical		
		FY15	FY16	FY17	FY15	FY16	FY17
REVENUE		6,702,248	9,396,240	9,841,893	6,702,248	9,396,240	9,841,893
COST OF SALES		-5,282,191	-4,912,788	-5,797,735	-5,282,191	-4,912,788	-5,797,735
GROSS PROFIT/(LOSS)		1,420,057	4,483,452	4,044,158	1,420,057	4,483,452	4,044,158
OTHER INCOME	3, 5	-	-	-	97,527	128,636	122,404
EXPENSES							
EMPLOYEE BENEFITS EXPENSE		-464,015	-542,827	-470,334	-464,015	-542,827	-470,334
DEPRECIATION EXPENSE		-16,253	-29,363	-49,787	-16,253	-29,363	-49,787
FINANCE COST		-	-82,222	-105,676	-	-82,222	-105,676
OTHER EXPENSES	1, 2, 4	-607,845	-1,263,061	-1,074,267	-1,069,663	-1,724,879	-1,415,721
OPERATING PROFIT/(LOSS) BEFORE INCOME TAX		331,944	2,565,979	2,344,094	-32,347	2,232,797	2,125,044
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE		331,944	2,565,979	2,344,094	-32,347	2,232,797	2,125,044
INCOME TAX EXPENSE	6	-95,508	-746,478	-708,940	13,779	-646,523	-643,225
PROFIT/(LOSS) AFTER INCOME TAX EXPENSE FOR THE YEAR		236,436	1,819,501	1,635,154	-18,568	1,586,274	1,481,819
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		-	-	-	-	-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		236,436	1,819,501	1,635,154	-18,568	1,586,274	1,481,819

(b) Pro Forma adjustments to the Statutory Historical Results

Table 2 below sets out the pro forma adjustments that have been made to Star Combo Australia Statutory Historical Results to reflect the full year impact of the operating and capital structure that will be in place following completion of the Offer as if it were in place from 1 July 2014. These adjustments are summarised below.

Table 2: Pro Forma adjustments to the Statutory Historical Results

A\$	Note	FY15	FY16	FY17
STATUTORY NET PROFIT		236,436	1,819,501	1,635,154
PUBLIC COMPANY EXPENSES	1	-335,000	-335,000	-335,000
RENTAL EXPENSE	2	-126,818	-126,818	-126,818
SUB-LEASE RENTAL INCOME	3	97,527	97,527	97,527
FOREIGN EXCHANGE LOSS	4	-	-	120,365
INTEREST INCOME ON LOAN	5	-	31,109	24,876
INCOME TAX EXPENSE	6	109,287	99,955	65,715
PROFORMA NET PROFIT/(LOSS)		-18,568	1,586,274	1,481,819

Notes:

- The Directors estimate that the Company will incur incremental annual expenses of \$335,000 in relation to being a publicly listed entity in future periods. The Pro Forma Historical Results have been adjusted to include these incremental expenses in FY15, FY16 and FY17. Refer to Section 7.1(a) for more information.
- In November 2017, Star Combo Australia entered into a ten-year lease with Antoine International (a related party of the Company) for the lease of Star Combo's headquarters in Smithfield, NSW. Annual rental expense has been contracted at \$265,000. Star Combo Australia and Costar Pharma historically incurred total annual rental expenses of \$138,182 in FY15, FY16 and FY17. There will be additional contractual annual rental expenditure amounting to \$126,818. The Pro Forma Historical Results have been adjusted to include these incremental expenses in FY15, FY16 and FY17.
- Star Combo's headquarters have been partially sub-leased to a third party. The Pro Forma Historical Results include Other Income adjusted to include sub-lease income of \$97,527 in FY15, FY16 and FY17. Refer to Section 10.6(d) for more information.
- Star Combo executed an agreement with Lepu on 21 January 2017, under which Lepu subscribed for 5,000,000 fully paid ordinary shares in Costar Pharma for \$5,000,000. The \$5,000,000 was received in US dollars during FY17 and as at 30 June 2017 a one-off foreign exchange loss for the amount of \$120,365 was recognised. The Pro Forma Historical Results include an adjustment to remove this loss in FY17 as it is not considered recurring. Refer to Section 10.6(c) for more information on this agreement.
- Star Combo recognised a loan to shareholders in the historical period. Interest income on the shareholders loan (rates ranging from 5.30% to 5.45%) was not accounted for in historical periods. The Pro Forma Historical Results include an adjustment to include interest revenue in relation to the shareholders loan in FY16 and FY17. The shareholders loan was settled via dividend in December 2017.
- Tax effect of the above pro forma adjustments assuming tax rate of 30%.

7.4 CONSOLIDATED STATUTORY AND PRO FORMA HISTORICAL CASH FLOWS

(a) Overview

Table 3 below sets out the Statutory and Pro Forma Historical Cash Flows for FY15, FY16 and FY17.

Table 3: Statutory and Pro Forma Historical Cash Flows for FY15, FY16 and FY17

A\$	Note	Statutory Historical			Pro Forma Historical		
		FY15	FY16	FY17	FY15	FY16	FY17
RECEIPTS FROM CUSTOMERS		6,497,494	8,973,179	8,625,660	6,595,021	9,070,706	8,723,187
PAYMENTS TO SUPPLIERS AND EMPLOYEES		-6,279,611	-7,467,088	-7,447,032	-6,741,429	-7,928,906	-7,483,824
INTEREST RECEIVED		31,981	-	-	31,981	-	-
INTEREST PAID		-42,326	-82,222	-105,676	-42,326	-82,222	-105,676
INCOME TAX PAID		-151,896	-127,165	-140,754	-151,896	-127,165	-140,754
CASH FLOWS FROM OPERATING ACTIVITIES		55,642	1,296,704	932,198	-308,649	932,413	992,933
PURCHASE OF INTANGIBLE ASSETS		-	-	-	-	-	-
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT		-1,313,373	-1,147,082	-261,131	-1,313,373	-1,147,082	-261,131
CASH FLOWS FROM INVESTING ACTIVITIES		-1,313,373	-1,147,082	-261,131	-1,313,373	-1,147,082	-261,131
REPAYMENT OF BORROWINGS		-	-108,240	-225,098	-	-108,240	-225,098
PROCEEDS FROM ISSUE OF SHARES		-46,206	-	5,000,000	-46,206	-	5,000,000
PROCEEDS FROM BORROWINGS		1,400,000	-	600,000	1,400,000	-	600,000
DIVIDENDS PAID		-45,500	-	-	-45,500	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		1,308,294	-108,240	5,374,902	1,308,294	-108,240	5,374,902
NET CASH FLOW		50,563	41,382	6,045,969	-313,728	-322,909	6,106,704

(b) Pro forma adjustments to the Statutory Historical Cash Flows

Table 4 below sets out the pro forma adjustments that have been made to the Statutory Historical Cash Flows to reflect the full year impact of the operating and financing structure that will be in place following completion as if it was in place as at 1 July 2014. These adjustments are summarised below.

Table 4: Pro forma adjustments to the Statutory Historical Cash Flows

A\$	Note	FY15	FY16	FY17
STATUTORY NET CASH FLOW		50,563	41,382	6,045,969
PUBLIC COMPANY EXPENSES	1	-335,000	-335,000	-335,000
RENTAL EXPENSE	2	-126,818	-126,818	-126,818
SUB-LEASE RENTAL INCOME	3	97,527	97,527	97,527
FOREIGN EXCHANGE LOSS	4	-	-	120,365
TRANSACTION COSTS	5	-	-	304,662
PRO FORMA NET CASH FLOW		-313,728	-322,909	6,106,704

Notes:

1. The Directors estimate that the Company will incur incremental annual expenses of \$335,000 in relation to being a publicly listed entity in future periods. The Pro Forma Historical Cash Flows include expenses adjusted to include these incremental expenses in FY15, FY16 and FY17. Refer to Section 7.1(a) for more information.
2. In November 2017, Star Combo Australia entered into a ten-year lease with Antoine International (a related party of the Company) for the lease of Star Combo's headquarters in Smithfield, NSW. Annual rental expense has been contracted at \$265,000. Star Combo Australia and Costar Pharma historically incurred total annual rental expenses of c.\$138,182 in FY15, FY16 and FY17. In future annual periods the Directors estimate additional rental expenses of \$126,818. The Pro Forma Historical Cash Flows include expenses adjusted to include these incremental expenses in FY15, FY16 and FY17.
3. Star Combo's headquarters have been partially sub-leased to a third party. The Pro Forma Historical Cash Flows include Other Income adjusted to include sub-lease income in FY15, FY16 and FY17. Refer to Section 10.6(d) for more information.
4. Star Combo executed an agreement with Lepu on 21 January 2017, under which Lepu subscribed for 5,000,000 fully paid ordinary shares in Costar Pharma for \$5,000,000. The \$5,000,000 was received in US dollars during FY17 and as at 30 June 2017 a one-off foreign exchange loss for the amount of \$120,365 was recognised. The Pro Forma Historical Cash Flows include an adjustment to remove this loss in FY17. For information on this agreement please refer to Section 10.6(c).
5. As at 30 June 2017 the Company had spent \$304,662 on items related to the IPO. The costs incurred were accounted for as a receivable and not immediately expensed when incurred. The cash impact has been eliminated in FY17 as a non-recurring item. These costs form part of the other transaction expenses as per Section 7.1(b).

7.5 STATUTORY HISTORICAL STATEMENT OF FINANCIAL POSITION AND PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

(a) Overview

Table 5 below sets out the pro forma adjustments that have been made to the audited Statutory Historical Statement of Financial Position for Star Combo Australia at 30 June 2017. The Pro Forma Statement of Financial Position for Star Combo has taken into account the effect of, amongst other things, the Offer proceeds, transaction expenses and other material transactions. These adjustments reflect the impact of the changes in capital structure that took place on 1 February 2018, as if they had occurred on, or were in place, as at 30 June 2017.

Table 5: Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position as at 30 June 2017

A\$	Note	Statutory Historical 30-Jun-17	Pro forma adjustments	Pro forma Historical 30-Jun-17
Current assets				
Cash and cash equivalents	2, 4, 5, 8	6,205,913	286,936	6,492,850
Trade and other receivables	2, 6	4,100,166	-1,127,865	2,972,301
Inventories		2,409,963	-	2,409,963
Other current assets		32,243	-	32,243
Total current assets		12,748,285	-840,929	11,907,357
Non-current assets				
Intangible assets	4	-	500,000	500,000
Property, plant and equipment		2,593,807	-	2,593,807
Deferred tax	3	127,966	351,681	479,647
Total non-current assets		2,721,773	851,681	3,573,454
Total assets		15,470,058	10,752	15,480,811
Current liabilities				
Borrowings - current	5	1,034,558	-1,034,558	-
Trade and other payables		1,918,890	-	1,918,890
Current employee benefits		70,748	-	70,748
Provision for tax		1,401,204	-	1,401,204
Total current liabilities		4,425,400	-1,034,558	3,390,842
Non-current liabilities				
Borrowings - non current	5	585,898	-585,898	-
Non-current employee benefits		9,500	-	9,500
Total non-current liabilities		595,398	-585,898	9,500
Total liabilities		5,020,798	-1,620,456	3,400,342
Net assets		10,449,260	1,631,208	12,080,469

Equity

Issued capital	2, 3, 4, 8, 9	5,001,100	3,267,499	8,268,600
Issued shares to acquire Star Combo	1 a	-	19,275,510	19,275,510
Issued shares to acquire Costar Pharma	1 b	-	11,224,490	11,224,490
Restructure adjustment	1 c	-	-30,500,000	-30,500,000
Net restructure adjustments		-	-	-
Options reserve	7	-	377,066	377,066
Retained earnings	2, 3, 6, 7, 8, 9	5,448,160	-2,013,356	3,434,804
Total equity		10,449,260	1,631,208	12,080,469

Notes:

1. Under the merger accounting principles, the acquirer accounts for the combination as follows:
 - The assets and liabilities of the combining entities are recorded at their carrying amounts reported in the combined financial statements and not at fair value.
 - Intangible assets and contingent liabilities are only recognised to the extent that they were recognised by the acquirer in accordance with applicable standards in AAS.
 - No goodwill is recorded. The difference between the acquirer's costs of investment and the acquiree's equity is presented separately as a restructure adjustment
 - Any expense of the combination is written off immediately in the statement of comprehensive income
 - Comparatives are presented as if the entities had always been combined since the date the entities had come under common control

Below details the restructure adjustments made under issued shares in Table 5 above:

- a. Pursuant to the Restructure, and as set out in Section 5.2, this represents the value of 38,551,020 shares issued to the shareholders of Star Combo Australia for Star Combo to acquire all shares in that company.
- b. Pursuant to the Restructure, and as set out in Section 5.2, this represents the value of 22,448,980 shares issued to the shareholders of Costar Pharma for Star Combo to acquire all shares in that company.
- c. Relates to restructure adjustment to bring issued capital from market value back down to the historic aggregated value. The internal increase in market value isn't allowed as it doesn't fall under a business combination due to common control pre and post restructure.

2. On completion of the offer it is expected that cash and cash equivalents will increase by \$3,000,000 offset by transaction costs payable of \$867,608. As at 30 June 2017, Star Combo Australia had already spent \$304,662 on items IPO-related, which had been classified as a receivable and not immediately expensed when incurred. Of the total \$1,172,270 transaction costs, \$162,664 are costs directly related to the offer and will be offset against equity raised in the offer in accordance with Australian Accounting Standards. The balancing amount \$1,009,606 represents costs relating to the Listing that will be expensed (see Section 7.1(b) for details of transaction costs)

3. Transaction costs have been assessed for deductibility for tax purposes. A deferred tax asset of c.\$351,681 (\$48,799 offset against issued capital and \$302,882 expensed) has been raised for transaction costs that are deductible over a period of time.
4. Post 30 June 2017, Star Combo Australia acquired the Living Healthy brand from Terry White for \$500,000. Star Combo Australia paid 50% in cash at the date of acquisition. Terry White have the option to have the balance settled via cash or shares in the Company. The Directors expect Terry White to opt to settle the remaining \$250,000 payable with shares in the Company at \$0.50 per share.
5. Star Combo intends to utilise a portion of the proceeds from the capital raise to repay bank debt with a balance of \$1,620,456 at 30 June 2017.
6. Star Combo had \$823,203 of shareholder loans on issue as at 30 June 2017. Interest income accrued of \$76,797 had not been previously recorded, resulting in a revised shareholder loan payable to the Company of \$900,000. In December 2017 the loan (and all interest accrued) was settled via a dividend declared by Star Combo Australia to its shareholders.
7. Subsequent to 30 June 2017, and pursuant to the proposed listing, Star Combo issued the following share options:
 - a. 3,600,000 options to cornerstone investor, Richlink, exercisable at \$1,800,000 within 3 months from listing. Management has valued the options at \$233,548. The option gives Richlink the right to subscribe for that number of further Shares in Star Combo (Option Shares) that results in Richlink receiving a 7.5% discount (on average across both the subscription shares and the Option Shares) to the Offer Price. Based on the anticipated Offer price of \$0.50 per share, it is expected that Richlink will be issued 3,930,000 Option Shares, being approximately 5.07% of the new total issued capital in Star Combo and 5.35% of the total issued capital in Star Combo before the issue of the Option Shares. For further details, please refer to Section 10.6(b).
 - b. 1,000,000 options to the chairman of the board, Richard Allely, exercisable at \$0.625 per share within 3 years from listing date. Management has valued the options at \$129,091. Mr Allely can exercise the option in whole or in part (a maximum number of two times during the exercise period). As at the Prospectus Date, Mr Allely has not exercised the option. For further details, please refer to Section 10.2(b).
 - c. In October 2017, Ovina, a contractor of Star Combo was granted a total 400,000 options in four separate tranches. Management has valued these options at a total of \$39,427:
 - Tranche 1: 100,000 options exercisable pre IPO at 50% of the share price at listing.
 - Tranche 2: 100,000 options exercisable within one year of listing at \$0.55 per share.
 - Tranche 3: 100,000 options vesting one year post listing and exercisable within one year thereafter at an exercise price of \$0.60 per share.
 - Tranche 4: 100,000 options vesting two years post listing and exercisable within one year thereafter at \$0.65 per share.

The options reserve has been raised to account for the value of the options, which have been expensed as share based payments through retained earnings.

8. Per Tranche 1 above, Ovina was granted options that are exercisable pre IPO at a 50% discount to the share price at listing. Star Combo will issue 100,000 shares to Ovina in exchange for \$25,000. The \$25,000 discount has been expensed and reflected in retained earnings. Please refer to Section 10.6(f).

9. An amount of \$81,364, being part of fees payable (excluding GST) to advisor DFK Richard Hill are to be settled by issuance of 179,000 ordinary shares at \$0.50 per share.

(b) Liquidity and capital resources

Star Combo's primary source of funds is its cash flow from operations. As seen in Section 7.3 and Section 7.4, the Company has been profitable in the historical period with net cash inflow from operations in excess of \$900,000 in FY16 and FY17.

Apart from raising capital to fund the growth strategies as mentioned in Section 2.13, part of the capital raised is to provide increased working capital capability to provide operational flexibility to meet the demands from significant business growth.

Other than the bank borrowings for the amount of \$1,620,456 which will be repaid on Listing, the Company does not have any form of debt facilities, such as working capital loan or revolving credit facility.

(c) Contractual obligations and commitments

Table 7 below sets out a summary of Star Combo's statutory contractual obligations and commitments following Closing.

Table 7: The Company's statutory contractual obligations and other commitments

		FY18	FY19	FY20	FY21
Leasing charge	1	\$265,000	\$265,000	\$265,000	\$265,000
Terry White marketing contributions	2	\$1,080,000	\$3,580,000	\$2,720,000	\$2,720,000
Bank loan repayments					
Loan 1 - \$800,000	3	\$47,600	\$47,600	\$47,600	\$819,833
Loan 2 - \$600,000	4	\$138,471	\$138,471	\$80,778	-
Loan 3 - \$600,000	5	\$136,666	\$136,666	\$136,666	\$79,722
Total		\$1,667,738	\$4,167,738	\$3,250,044	\$3,941,500

Notes

1. A lease agreement is in place to lease the existing premises from Antoine International for \$265,000 per annum, however, sub-lease income of \$97,527 per annum is to be received from a third party for the sub-lease of a portion of the premises. Refer to Section 10.6(d) for further details.

2. Refer to Section 10.6(e) for further details.

3. Interest only loan, interest 5.95%, refinanced in Dec 2017 and mature in Dec 2020. Will be repaid in full post listing. Figures in the table are amounts of repayment if not repaid in full earlier.

4. Principle and Interest loan to be repaid by Jan 2020. Interest 5.99% per annum. Will be repaid in full post listing. Figures in the table are amounts of repayment if not repaid in full earlier.

5. Principle and Interest loan to be repaid by Jun 2021. Interest 5.49% per annum. Will be repaid in full post listing. Figures in the table are amounts of repayment if not repaid in full earlier.

7.6 PUBLIC COMPANY AND IPO EXPENSES

(a) Public company expenses

Public company expenses are assumed to be incurred during the Historical Periods, and reflect Star Combo's estimate of the incremental annual expenses that the Company will incur as a public entity. These expenses include Chairman and non-executive Director remuneration, additional audit and legal expenses, listing fees, share registry expenses, directors' and officers' insurance premiums as well as investor relations, annual general meeting and annual report expenses.

Table 8 below sets out a summary of the Company's public company expenses

Table 8: The Company's public company expenses

PUBLIC COMPANY EXPENSES	A\$
EXTRA EMPLOYEE COSTS INCLUDING CHAIRMAN AND NON-EXECUTIVE DIRECTORS	135,000
ADDITIONAL AUDIT AND LEGAL EXPENSES	75,000
LISTING FEES	32,000
SHARE REGISTRY EXPENSES	15,000
DIRECTORS AND OFFICERS INSURANCE PREMIUMS	38,000
INVESTOR RELATIONS	10,000
ANNUAL GENERAL MEETINGS	10,000
OTHERS	20,000
TOTAL	335,000

(b) One-off IPO and other transaction expenses

Table 9 below sets out a summary of the Company's one-off IPO and other transaction expenses

Table 9: One-off IPO and other transaction expenses

OFFER COST:	\$3m - Min Subscription	\$5m - Target Subscription	\$7m - Max Subscription
ASX LISTING FEE	\$100,000	\$100,000	\$100,000
LEAD MANAGER			
MANAGEMENT FEE	\$60,000	\$100,000	\$140,000
COMMISSION	\$108,000	\$228,000	\$348,000
INVESTIGATING ACCOUNTANT	\$100,000	\$100,000	\$100,000
TAXATION	\$57,000	\$57,000	\$57,000
AUDIT	\$149,000	\$149,000	\$149,000
MARKETING CONSULTING	\$150,000	\$150,000	\$150,000
LEGAL FEES	\$150,000	\$150,000	\$150,000
ADVISORY FEES	\$198,150	\$198,150	\$198,150

PUBLIC RELATIONS	\$25,000	\$25,000	\$25,000
PRINTING AND DESIGN	\$20,000	\$20,000	\$20,000
ROAD SHOW EXPENSES	\$25,000	\$25,000	\$25,000
NON DEAL ROADSHOW EXPENSES	\$10,000	\$10,000	\$10,000
CONTINGENCY	\$20,000	\$20,000	\$20,000
TOTAL	\$1,172,150	\$1,332,150	\$1,492,150

7.7 DIVIDEND POLICY

The payment of a dividend is at the discretion of the Directors. It is the intention of the Board to pay interim dividends in respect of half years ending 31 December and final dividends in respect of full years ending 30 June.

Currently, the Company envisages that all earnings will be split equally between reinvestment and dividend distribution purposes. In determining whether to declare future dividends, the Directors will have regard to the Company's earnings, overall financial condition and requirements, the outlook for the industry, the taxation position of Star Combo and future capital requirements.

7.8 NO MATERIAL CHANGES TO THE GROUP'S FINANCIAL POSITION

To the best of the Directors' knowledge and belief, there have been no material items, transactions or events subsequent to 30 June 2017 and not otherwise disclosed in this Prospectus and in 7.9 below.

7.9 MATERIAL TRANSACTIONS SUBSEQUENT TO 30 JUNE 2017

Please refer to Section 10.6 for details of the Group's material contracts.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the entity's in future financial years.

7.10 MANAGEMENT DISCUSSION AND ANALYSIS OF THE PRO FORMA HISTORICAL FINANCIAL INFORMATION

Set out below is a discussion of the factors that have impacted Star Combo group's historical performance for FY15, FY16 and FY17.

The Directors have provided this information for potential investors to assist with understanding the factors that influenced the historical performance of the Star Combo group, which may be relevant to considering the future performance of Star Combo.

This discussion is a summary only and does not detail all matters relevant to the performance of Star

Combo over the historical period, nor every matter that may influence the performance of Star Combo in the future.

This section should be considered along with the other information set out in this Prospectus, including the risks set out in Section 9.

Historical Results

- Star Combo has seen growth in revenue in each of the three years presented. The larger increase of \$2,700,000 (40%) in FY16 was as a result of new soft gel production lines installed in late FY15 having a full year effect. This production line allows significantly greater capacity which in turn allows both larger volumes of customers to be serviced, but also greater order sizes from customers to be fulfilled.
- The smaller increased turnover in FY17 of \$400,000 (5%), has been caused by a distraction of executive time in relation to fundraising, listing and negotiation of acquisition and marketing agreements in relation to the Terry White contracts.
- The cost of sales in FY16 fell with increases in revenue. This improvement in gross margin was as a result of the new soft gel production line. Previously, Star Combo utilised the services of expensive outsourced suppliers to fulfil orders of the soft gel product. By producing these products in-house, with its own facilities, Star Combo was able to significantly reduce its cost of sales.
- Cost of sales in FY17 has increased at a greater rate than revenue, reducing the gross margin of the business. The fall in gross margin from 48% to 41% is a result of some discounting in order to maintain market share. In addition, additional focus on listing process has diverted management.
- The direct labour costs for production have been included in the cost of products. The reduction in employee benefits of \$72,493 from \$542,827 in FY16 to \$470,334 in FY17 reflects a decision not to pay a discretionary directors fees in FY17.
- The significant increase in the pro forma other expenses from FY15 \$1,069,663 to FY16 \$1,725,879 was mainly caused by a bad debt expense of \$754,414 in FY16. The pro forma Other Expenses was then reduced to \$1,415,721 in FY17 mainly because the company spent
 - o \$199,520 (FY16: \$24,104) on advertising, reflecting more promotional activities in FY17, including promotion fees charged by the Sydney Airport amounting \$67,832, fees for attending product exhibition shows for \$45,515, and the balance for advertising costs on popular Chinese websites in both Australia and China.
 - o \$142,068 (FY16: \$40,582) on office expenses, reflecting training costs, consulting TGA license audit
 - o \$122,289 (FY16: \$0) on currency losses that was related to the \$5,000,000 investment from Lepu in US dollars terms and
 - o \$64,293 (FY16: \$22,658) on electricity,

while no bad debt expense was recognised in FY17.

- Bad debt expense amounting to \$764,414 in FY16 reflects recognition of trade receivables that have been outstanding for lengthy periods and management decided not to chase for payments in order to maintain good relationships with relevant customers.
- Reasons for the significant improvement in net profit from \$236,436 in FY15 to \$1,819,501 in FY16 include the production capacity of soft gel and strong market growth. The slightly reduced net profit in

FY17 \$1,635,154 was mainly due to changes in product mix and discounts given in a more competitive market to maintain market share and managements partly shifted attention between operating and listing activities.

- The Company has also moved to retain marketing personnel to assist in achieving the Company's objectives. The Company's growth to date has been achieved with negligible investment in marketing and promotion.
- As part of the move to listing, the Company has upgraded its administration and reporting functions which will result in a more accurate and timely reporting both internally to management, the Board and to external bodies such as ASIC and ASX. The two significant appointments are a full time CPA qualified group accountant and an external appointment, Richard Hill from DFK Richard Hill as Financial Controller and Company Secretary.

Historical Cash Flows

- Receipts from customers increased \$6,497,494 in FY15 to \$8,973,179 in FY16 due to the increased revenue from the investment in soft gel production. It was slightly reduced to \$8,625,660 in FY17 due the same reasons explained above on net profit.
- Payments to suppliers and employees were \$6,279,611 in FY15, \$7,467,088 in FY16 and \$7,447,032 in FY17. The key items were cost of sales \$5,282,191 FY15, \$4,912,788 FY16 and \$5,797,735 FY17, employee expenses \$464,015 in FY15, \$542,827 in FY16 and \$470,334 in FY17 the balance being other expenses.
- The company spent a significant amount in FY15 and FY16 on the purchase of property plant and equipment. In FY15 \$1,313,373 was spent, mainly on the modern office and production facilities at the headquarters. In FY 16 further \$1,147,082 were spent to purchase the production lines including the soft gel line. In FY 17 expenditure on property, plant and equipment fell to \$261,131 as investment in the soft gel production line had been largely spent by end of FY16.
- The investment of \$5 million by Lepu in FY17 has both enhanced the financial strength of the company and provided a significant growth opportunity into the China market.
- Proceeds from borrowings in FY15 was \$1,400,000 due to the need to build the modern facilities at the relocated premises at Smithfield. No borrowing in FY16 but in FY17 another \$600,000 was borrowed to help extra cash requirements due to listing costs and investment in additional property, plant and equipment.

Statement of Financial Position

- The cash and cash equivalents balance as at 30 June 2017 has been boosted by additional funding brought in to the business by Lepu, who invested \$5 million in exchange for equity in Costar Pharma.
- The inventory balance as at 30 June 2017 of \$2.4 million is made up of raw materials, work in progress and finished goods. The value of inventory is at cost, with sufficient consideration given as to any obsolete or slow moving stock. The inventory balance will fluctuate between periods based on orders received and the production of the factory at any given time.
- The intangible balance brought in to Star Combo's pro forma results is a reflection of the purchase price of the Living Healthy brand acquired from Terry White. Future revenues are expected to be generated from this brand, with a supplementary marketing agreement being put in place.
- The Property, Plant and Equipment balance predominantly relates to the production facilities used

by the business. Bank loans have been secured by the business historically to allow the purchase of this equipment. These bank loans are expected to be repaid from the funds raised under this Offer.

- The provision for tax balance at 30 June 2017 of \$1,401,204 relates to accumulated income tax for the FY16 and FY17. Due to the later than expected completion of the audits of the 3 years there has been delays in the calculation of tax payable. However payments of tax have been made post year end.
- Pro forma share issue from restructure include the shares Issued to acquire Star Combo and Costar Pharma. The effect of these acquisitions has been explained in notes to Table 5 in this section. Management wish to highlight that this transaction nets off by a restructure adjustment so the net effect to the Issued Capital account is nil. It will only be disclosed in the Issued capital note in future financial accounts but for transparency purposes we have shown the full adjustment line by line on the balance sheet as set out in Table 5 in this Section.
- Receivable increased to \$4,100,166 in FY17 from \$1,995,980 in FY16 mainly reflects
 - o new customers orders completed towards end of FY17 with payments not yet due/ received;
 - o some customers changed credit terms from Cash on Delivery to 2 months; and
 - o larger loan balance to shareholder to \$900,000 in FY17 from \$460,674 in FY16, which have been repaid post 30 Jun 2017 (see Note 6 to Table 5 in this Section).

7.11 NOTES TO THE STATUTORY HISTORICAL FINANCIAL INFORMATION

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Star Combo Australia is a company limited by shares, incorporate and domiciled in Australia.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of Preparation

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

Historic cost convention

The financial statements, except for the cash flow information, have been prepared on an accruals basis

and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's and company's accounting policies. The areas involving more judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the related accounting policies.

Going Concern

The audited historical financial information which is presented in this Financial Information is presented on a going concern basis of accounting. The Directors believe that the assumption of a going concern basis in the preparation of this financial information is appropriate. The financial statements do not include any adjustments in relation to the recoverability or classification of recorded assets, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Principals of consolidation

These financial statements are aggregated financial statements, and incorporate the assets and liabilities of all subsidiaries of Star Combo Australia as at 30 June 2017 and the results of all subsidiaries for the year then ended. Star Combo and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between entities in the consolidated entity are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Cash and cash equivalent

Cash and cash equivalents include cash on hand, deposits held at call with banks, other and short-term highly liquid investments with original maturities of three months or less.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable after considering any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement by the consolidated entity in those goods.

All revenue is stated net of the amount of goods and services tax.

Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or are recognised directly in equity or in other comprehensive income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled and their measurement also reflects the way management expects to recover or settle the carrying amount of the related asset or liability.

With respect to land and buildings measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilized.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realization and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realization and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Loan and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labor, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable. Stock in transit is stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable. 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.

Plant and equipment

Plant and equipment is stated at historic cost less accumulated depreciation and impairment. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation is calculated on a straight-line basis over the asset's useful life to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	2-7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The consolidated entity does not designate any interests in subsidiaries as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(I) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the consolidated entity's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Gains or losses are recognised in profit or loss through the amortization process and when the financial asset is derecognised.

(iii) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Financial Assets

Investments in unlisted equity securities with less than a significant interest in the voting rights and power in the investee are held at fair value, with any changes in fair value taken to the profit or loss. Fair value is calculated with reference to the price of the latest arms-length seed capital price of the investee.

Intangible Assets

Trademarks and licenses acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortized to profit or loss using the straight-line method over 10 to 20 years, which is the shorter of their estimated useful lives and/or period of contractual rights.

Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided prior to the end of the period that are unpaid and arise when there is an obligation to make future payments in respect of the purchase of these goods and services.

Other Financial Liabilities

Financial liabilities are initially recognised at fair value and subsequently measured at amortized cost using the effective interest method. Any financial liability that includes an equity conversion feature is classified as a financial liability where a contractual obligation exists, enforceable at the discretion of the counterparty, to settle the liability with cash or a variable amount of equity instruments that may be issued by the company as consideration.

Employee benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The consolidated entity's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Long-term employee benefits

The consolidated entity's obligations for long-term employee benefits are presented as noncurrent provisions in its statement of financial position, except where the consolidated entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the premeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

Provisions

Provisions are recognised when the company has a legal or constructive obligation, because of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Foreign Currency Translation and Balances

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Group's functional and presentation currency. Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when the fair values were determined. Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Share-based Payments

Equity-settled share-based compensation benefits may be provided to contractors or employees in-exchange for the rendering of services. The cost of equity-settled transactions is measured at fair value on grant date. Grant date is the date that both contracting parties have a clear understanding of the terms and conditions attached to the share-based payment arrangement. Fair value is independently determined using quoted market prices when issuing shares, or in the case of unlisted ordinary shares, with reference to the price of the latest arms-length seed capital price. The cost of the payment is charged to the profit or loss over its vesting period, being the period in which the service (for which consideration is given) is rendered. Where non-market based vesting conditions are not satisfied and the underlying equity instrument lapses, is cancelled or is forfeited, the value of the amount previously charged to the profit or loss is credited back.

Goods and Services Tax (GST)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (**ATO**).

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

8

INVESTIGATING ACCOUNTANT'S REPORT



Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

The Directors

Star Combo Pharma Limited

Level 2, 32 Martin Place

Sydney NSW 2000

15 February 2018

Dear Directors

Independent Limited Assurance Report

INTRODUCTION

BDO Corporate Finance (East Coast) Pty Ltd ("BDO") has been engaged by Star Combo Pharma Limited ("Star Combo" or the "Company") to prepare this Independent Limited Assurance Report ("Report") for inclusion in a prospectus proposed to be issued in February 2018 in relation to the initial public offering of shares in Star Combo ("Prospectus") and listing on the Australian Securities Exchange ("ASX") (the "Offer").

Unless stated otherwise in this Report, expressions defined in the Prospectus have the same meaning in this Report.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the financial information to which it relates for any purpose other than that for which it was prepared.

SCOPE

You have requested BDO to perform a limited assurance engagement in relation to the financial information described below and disclosed in the Prospectus.

The financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards ("AAS") and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

SCOPE OF REVIEW OF THE STATUTORY HISTORICAL FINANCIAL INFORMATION

You have requested BDO review the following historical financial information (together the "Statutory Historical Financial Information") included in the Prospectus:

- The statutory historical consolidated statements of profit and loss for the years ended 30 June

BDO Corporate Finance (East Coast) Pty Ltd ABN 70 050 038 170 AFS Licence No. 247420 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (East Coast) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

2015 ("FY15"), 30 June 2016 ("FY16") and 30 June 2017 ("FY17");

- The statutory historical consolidated statements of cash flows for FY15, FY16 and FY17; and
- The statutory historical consolidated statements of financial position as at 30 June 2015, 30 June 2016 and 30 June 2017.

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in AAS and the company's adopted accounting policies. The Statutory Historical Financial Information has been extracted from the consolidated financial statements of Star Combo Australia Pty Ltd ("Star Combo Australia") for the financial periods ended 30 June 2015, 30 June 2016 and 30 June 2017 which were audited by BDO East Coast Partnership ("BDO Audit") in accordance with Australian Auditing Standards. BDO Audit issued qualified opinions in FY15, FY16 and FY17. The emphasis of matter stated that they were unable to satisfy themselves that the value of inventory did not require adjustment. BDO Audit were appointed post the financial year ends and were unable to attend physical stock counts. They were unable to determine whether adjustments to income and net cash flow from operating activities may be necessary.

SCOPE OF REVIEW OF THE PRO FORMA HISTORICAL FINANCIAL INFORMATION

You have requested BDO to review the following pro forma financial information (together referred to as "Pro Forma Financial Information") included in the Prospectus:

- The pro forma historical consolidated statements of profit and loss for FY15, FY16 and FY17;
- The pro forma historical consolidated statements of cash flow for FY15, FY16 and FY17;
- The pro forma historical consolidated statement of financial position as at 30 June 2017; and
- Associated details of the pro forma adjustments.

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of Star Combo Australia, after adjusting for the effects of pro forma adjustments described in Section 7 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian equivalents to International Financial Reporting Standards ("AIFRS") applied to the Historical Financial Information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 7 of the Prospectus, as if those event(s) or transaction(s) had occurred as at 30 June 2017. Due to its nature, the Pro Forma Financial Information does not represent the company's actual or prospective financial position.

Directors' Responsibility

The directors of Star Combo are responsible for the preparation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information (together referred to as "Financial Information"), including the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of the Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving

Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with AAS or AIFRS and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Financial Information.

Review statement on the Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information, as described in Section 7 of the Prospectus, and comprising:

- 12 months ended 30 June 2015;
- 12 months ended 30 June 2016; and
- 12 months ended 30 June 2017

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 7 of the Prospectus.

Review statement on the Pro Forma Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in Section 7 of the Prospectus, and comprising:

- 12 months ended 30 June 2015;
- 12 months ended 30 June 2016; and
- 12 months ended 30 June 2017

is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 7 of the Prospectus.

SUBSEQUENT EVENTS

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no material transaction(s) or event(s) outside of the ordinary business of Star Combo not described in the Prospectus, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

INDEPENDENCE

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the Prospectus other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received. From time to time, BDO provides Star Combo with certain other professional services for which normal professional fees are received.

GENERAL ADVICE WARNING

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 7 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

FINANCIAL SERVICES GUIDE

Our Financial Services Guide follows this Report. This guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Sebastian Stevens', with a stylized, cursive script.

Sebastian Stevens

Director



9

RISK FACTORS

9.1 INTRODUCTION

There are a number of risks that, either individually or in combination, may materially and adversely affect the future operating and financial performance of Star Combo and the value of the Shares. Some of these risks may be mitigated by Star Combo's internal controls and processes, but many are outside the control of Star Combo, the Directors and Management. An investment in Star Combo should be considered speculative. There can be no assurance that Star Combo will achieve its stated objectives or that any forward-looking statements will eventuate.

Investors should consider the risk factors described below. These risks have been separated into:

- specific risks which relate to Star Combo, its business and the industry described in Section 9.2; and
- general risks relating to an investment in a listed company described in Section 9.3.

This is not an exhaustive list of risks. They should be considered in conjunction with the other information disclosed in this Prospectus. Investors should have regard to their own investment objectives and financial circumstances, and should consider seeking professional guidance from their stockbroker, accountant, financial or other professional adviser before deciding whether to participate in the Offer.

9.2 KEY RISKS

(a) Loss of customers

Although Star Combo has a diverse range of customers, a number of them are individually material and have not entered into long term contracts with Star Combo (see Section 2.9 for further information in relation to Star Combo's key customers). In FY16, the company had over 100 customers with the top 10 customers accounting for almost 50% of the company's revenue. There is a risk that the Group may not continue to transact with one or more of these major customers and the level of sales could be materially impacted.

The future success of Star Combo will also be primarily reliant on achieving marketing strategies for its products and the continued growth in demand for those products in both the Australian domestic markets and export market. This will, in turn, be influenced by the extent to which the demand for VDS products continues to meet growth predictions, which are set out in Section 3.

(b) Loss of key personnel

The Company's growth and financial performance is dependent on the Company's ability to successfully execute its growth business strategies. The loss of key members of senior management may adversely affect Star Combo's ability to develop or implement its business strategies and may adversely affect its future financial performance.

(c) Trade restrictions and offshore operations

Trade sanctions or changes to existing trade policies may impact Star Combo's export market or future sales. Star Combo conducts operations in a number of countries, each of which has separate regulatory regimes or quotas (e.g. Vietnam and China). A significant change in any of these may adversely affect Star Combo's business.

(d) Regulatory risk

Star Combo and its products (including its proposed products) are subject to various laws and regulations including but not limited to: accounting standards, tax laws, environmental laws, product content requirements, labelling and packaging requirements, regulations and customs regulations. Changes in these laws and regulations (including interpretation and enforcement) could adversely affect the Company's financial performance.

In particular, the Star Combo's failure to ensure Costar Pharma's compliance with the requirements of the TGA Licence (whether by Star Combo or others involved in Star Combo's supply chain or competitors in the sector) could negatively impact Star Combo's business.

Furthermore, as the Group conducts operations in a number of countries, trade sanctions or changes to existing trade policies may impact the Group's export market or future sales.

(e) Price risk

There is a risk that variations in domestic and international prices, which are outside Star Combo's control, or a mismatch between the price Star Combo is able to sell its products to customers and its costs to deliver those products, will result in losses or reduced profitability and could impact Star Combo's overall financial performance.

Furthermore, Star Combo's OEM contracts are price-sensitive. Any significant price increase could result in the loss of OEM contracts, which currently account for 70% of the Company's revenue.

(f) Brand and Reputation

The Company's intellectual property is a key asset of its business. The reputation and value associated with the Company's brand names and related intellectual property could be adversely affected by a number of factors, including:

- failing to provide customers with the quality of product they expect;
- trade secrets (particularly product formulations) being shared with the Company's competitors;
- contamination or recall issues;
- disputes or litigation with third parties, employees, suppliers or customers; or
- adverse media coverage (including social media), or other circumstances including those beyond the direct control of the Company.

Significant erosion in the reputation of, or value associated with the Company's brands, could have an adverse effect on customer loyalty, relationships with key suppliers, employee retention rates, and overall demand for the Company's products.

Furthermore, given the Company's plan to commit approximately \$4.5 million to the marketing of the Living Healthy brand pursuant to the agreements with the Terry White Group as set out in Section 10.6(e), there is the risk that the Company will not generate enough return to offset this expenditure.

(g) Liquidity risk

Having regard to the number of Shares that are subject to voluntary escrow arrangements (see Section 10.4), and the limited free float, there is a risk that the market price for Shares may fall or be made more volatile because of the relatively low volume of trading in the Shares. The absence of any sale of the Es-

crowded Shares may contribute to reduced liquidity in the market for Shares, which may increase the volatility of the market price of Shares and impact the prevailing market price at which Shareholders are able to sell their Shares.

(h) Control risk

At Closing, it is expected that Mr Star Zhang will hold a significant portion of the total issued Shares of the Company at 50-53% (see Section 10.1). As a consequence, Mr Star Zhang will be in a position to exert considerable influence over the outcome of matters relating to the Company including the approval of significant corporate transactions. While the interests of Mr Star Zhang and other Shareholders in the Company are likely to be consistent, there may be instances where such interests diverge. The Company believes that Mr Star Zhang and Ms Su Zhang are not associates for the purposes of the Corporations Act. However, clearly there are family ties between those individuals.

(i) Therapeutic goods, safety and sanitation

As a therapeutic goods producer, Star Combo is exposed to the risk of product contamination and product recalls. Products may also be subject to processing and production defaults against specification. This risk extends to the possibility that Star Combo's products could cause a serious poisoning incident as a result of an operational lapse in food safety or sanitation procedures or malicious tampering. This could, in turn, have significant reputational and financial consequences for Star Combo.

There is also the risk that actions of Star Combo's wholesale customers could compromise the hygiene and safety of Star Combo products after they have left Star Combo's processing facility.

(j) Relatively short operating history amidst a strong competitive environment

Star Combo participates in a highly competitive fast moving consumer goods (**FMCG**), global business market. Many of the Company's competitors have significantly greater financial, technical, human, development and marketing resources than Star Combo, meaning that they already have a significant market branding and presence or market share. Some of these competitors may be able to respond more effectively to changing business and economic conditions than Star Combo. Therefore, there is a risk that the Company's profitability will remain subdued in comparison to its peers.

The Company will seek to mitigate this risk by:

- continuing to build its depth and infrastructure;
- commercial product development;
- obtaining market penetration and strategic partners to secure market share;
- increasing its product and brand recognition in the market; and
- obtaining sufficient market penetration and acceptance by domestic consumers.

(k) Currency risk

Any revenue and expenditures in export markets are subject to the risk of fluctuations in foreign exchange markets. Part of the Company's business strategy is aimed at penetrating export markets in Asia and therefore it is possible a material proportion of its expenses and potential revenue will be in foreign currencies. Both Star Combo and Costar Pharma operate USD foreign currency accounts in order to mitigate this risk.

9.3 GENERAL RISK FACTORS

(a) Share market and liquidity

The market price of the Shares can rise and fall and may be subject to varied and unpredictable influences on the share market. The trading price of the Shares at any given time may be higher or lower than the price paid under the Offer. Further, you may be unable to sell or realise your investment because the market for Shares may be illiquid.

Share market conditions are affected by many factors, including:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment towards equities or particular market sectors;
- political instability;
- short selling and other trading activities;
- the demand for, and supply of capital; and
- force majeure events.

(b) General economic conditions

Star Combo may be negatively impacted by changes in international economies. In particular, there are risks from continued volatility in the Asia Pacific region, international debt issues, impacts from currency and interest rate shifts and the potential for a contraction in the availability of debt or capital.

These macro-economic factors may impact negatively through reduced future revenues, reduced demand for Star Combo's products, increased costs, foreign exchange losses, impacts of government responses to macro-economic issues and impacts on equity markets. These factors are beyond the control of Star Combo and their impact cannot be predicted.

(c) Shareholder dilution

In the future, Star Combo may elect to issue Shares in connection with fundraisings, including to raise proceeds for acquisitions. While Star Combo will be subject to the constraints of the Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such fundraisings.

(d) Other general risks

There are a range of other general risks, which may impact on Star Combo's business or an investment in the Shares, which include but are not limited to:

- industrial action impacting the business directly or indirectly; and
- government policies generally (including in relation to taxation).



10 **ADDITIONAL
INFORMATION**

10.1 INTERESTS OF STAR ZHANG

Star Zhang is the founder of Star Combo and is currently the sole shareholder of Star Combo.

The interests of Star Zhang upon Listing, and his expected interests at Closing (excluding any Shares applied for under the Offer), are set out in **Figure 24.** below:

Figure 24.

Offer price at \$0.50 per Share			
Individuals	Minimum subscription (Raise \$3 million)	Target subscription (Raise \$5 million)	Maximum subscription (Raise \$7 million)
Acquisition of Star Combo Australia			
Shares to Star Zhang	38,165,510 (50%)	38,165,510 (53%)	38,165,510 (50%)
Shares to Huilin Lu	385,510 (1%)	385,510 (1%)	385,510 (1%)
Acquisition of Costar Pharma			
Shares to Su Zhang	11,448,980 (15%)	11,448,980 (16%)	11,448,980 (15%)
Shares to Lepu	11,000,000 (15%)	11,000,000 (15%)	11,000,000 (15%)
At IPO			
New Shareholders: at IPO	6,620,000 (10%)	10,620,000 (15%)	14,620,000 (19%)
Total shares on issue at IPO	67,620,000	71,620,000	75,620,000
Indicative market capitalization	\$33,810,000	\$35,810,000	\$37,810,000

10.2 INTERESTS OF DIRECTORS

(a) Relevant interests of Directors

Directors are not required to hold Shares. The relevant interest of each Director in Shares (whether held directly or indirectly) at Closing is set out in Figure 25. below:

Figure 25.

Directors	Shares held at Prospectus Date and Closing	% post-IPO
Star Zhang	38,165,510	50 – 53%
Su Zhang	11,448,980	15 – 16%
Richard Allely	Nil	Nil

(b) Option agreement with Richard Allely

The Company has entered into an option agreement with Richard Allely, under which Mr Allely has the option to purchase 1 million Shares at the price of \$0.625 per Share. The option expires three years from Listing. Mr Allely can exercise the option in whole or in part (a maximum number of two times during the

option period). As at the Prospectus Date, Mr Allely has not exercised the option.

(c) Remuneration of Directors

The remuneration and other benefits given to the Directors by Star Combo in the past two financial years is set out below:

\$'100s	FY16		FY15	
Director	Fees	Other remuneration	Fees	Other remuneration
Star Zhang	\$160,675	-	\$133,832	-
Su Zhang	\$142,603	-	\$120,000	-
Total	\$303,278	-	\$253,832	-

The annual remuneration of Directors for the current financial year is:

Director	Annual remuneration (inclusive of superannuation)
Richard Allely	\$60,000
Star Zhang	\$196,650
Su Zhang	\$163,875

10.3 INTERESTS OF KEY MANAGEMENT PERSONNEL

(a) Managing Director

Star Combo has entered into an employment contract with Mr Star Zhang to document his employment with the Group. Mr Zhang will receive an annual fixed remuneration of \$196,650 (inclusive of superannuation).

Mr Zhang will also be eligible to participate in the Company's Employee Share Plan (ESP), details of which are set out in Section 10.8. Mr Zhang may terminate his employment contract by giving 3 months' notice in writing to Star Combo. Star Combo may pay Mr Zhang 6 month's salary in lieu of providing notice or any combination of such notice and payment in lieu of notice. Star Combo may terminate Mr Zhang's employment by giving 3 months' notice in writing, or immediately due to a material breach, bankruptcy, criminal conviction or incapacity due to illness or injury by or of Mr Zhang.

Upon the termination of Mr Zhang's employment, he will be required to deliver all confidential information and documentation relating to the business. Alternatively, Star Combo may request that Mr Zhang destroy such information.

On the Prospectus Date and at Closing, Mr Zhang will hold 38,165,510 Shares.

(b) CEO

Star Combo has entered into an employment contract with Ms Su Zhang to document her employment with the Group. Ms Zhang will receive an annual fixed remuneration of \$163,875 (inclusive of superannuation).

Ms Zhang will also be eligible to participate in the Company's ESP, details of which are set out in Section

10.8. Ms Zhang may terminate her employment contract by giving 3 months' notice in writing to Star Combo. Star Combo may pay Ms Zhang 6 month's salary in lieu of providing notice or any combination of such notice and payment in lieu of notice. Star Combo may terminate Ms Zhang's employment by giving 3 months' notice in writing, or immediately due to a material breach, bankruptcy, criminal conviction or incapacity due to illness or injury by or of Ms Zhang.

Upon the termination of Ms Zhang's employment, she will be required to deliver all confidential information and documentation relating to the business. Alternatively, Star Combo may request that Ms Zhang destroy such information.

On the Prospectus Date and at Closing, Ms Zhang will hold 11,448,980 Shares.

(c) Key management personnel

Each other member of the Group's management is employed under individual employment agreements. These agreements establish total compensation including a base salary, superannuation contribution and discretionary bonus arrangements, notice and termination provisions, confidentiality provisions and leave entitlements, as a minimum, as per the National Employment Standards.

Either the Group or the executive may terminate the relevant executive's employment by providing four weeks' notice in writing before the proposed date of termination.

Pursuant to the Restructure and as set out in Section 5.2, Mr Huilin Lu, Production Manager, was issued with 385,510 Shares, representing approximately 1% of the share capital of the Company at Closing. Mr Lu will enter into an escrow arrangement for 24 months from Listing, as set out in Section 10.4 below.

10.4 VOLUNTARY ESCROW ARRANGEMENTS

Star Zhang, Su Zhang and Huilin Lu are to enter into voluntary escrow arrangements for a period of 2 years in relation to all Shares held by them.

The Escrowed Shares will be subject to disposal restrictions as follows:

- 25% of the Escrowed Shares will be released from the escrow arrangements on the day after Star Combo's results for FY18 are released to ASX; and
- The remaining 75% of the Escrowed Shares will be released from the escrow arrangements on the day after Star Combo's results for FY19 are released to ASX.

Figure 26. shows which Shareholders will be restricted from dealing their Escrowed Shares through these periods.

Figure 26.

Name of Shareholder(s)	Number of Shares post-IPO	Number of Shares held in escrow	Escrow period
Star Zhang	38,165,510	38,165,510	24 months from Listing
Su Zhang	11,448,980	11,448,980	24 months from Listing
Huilin Lu	385,510	385,510	24 months from Listing

10.5 RESTRICTED DISTRIBUTIONS

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to apply for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the United States or elsewhere outside Australia, unless it has attached to it the selling restrictions applicable in the jurisdictions outside Australia and may only be distributed to persons to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold, pledged or transferred in the United States except in accordance with U.S. Securities Act registration requirements or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable state securities laws.

10.6 MATERIAL CONTRACTS

The Directors consider that there are certain contracts which are significant or material to Star Combo, or of such a nature that an investor may wish to have particulars of them when making an assessment of whether to apply for Shares. The main provisions of each such contract are summarised below. These are only summaries and do not describe fully all the provisions of each contract.

(a) Management Agreement

The Company and First Guardian entered into an agreement on 7 June 2017 by way of an Engagement Letter (**Management Agreement**) under which First Guardian was engaged as Lead Manager of the Offer. Under the Management Agreement, the Lead Manager has agreed to arrange funds for the Offer on a best endeavours basis and provide other professional services in connection with the Offer. The Company must pay the Lead Manager:

- a management fee of 2% of the gross proceeds of the Offer (plus GST). This amount excludes the \$5 million already raised under the agreement with Lepu as set out in 10.6(c); and
- a capital raising fee of 6% (plus GST) of funds raised by the Lead Manager under the Offer.

(b) Financing arrangements

Star Combo executed a Cornerstone Subscription Investment Agreement with Richlink Capital Pty Ltd ACN 109 596 394 (**Richlink**) on 2 November 2017 (**Richlink Agreement**), under which it was agreed that conditional on the Listing of Star Combo, on IPO:

- Subscription Shares: Richlink (or its nominee) is to pay a subscription price of \$1,200,000 and subscribe for that number of Shares in Star Combo (Subscription Shares) that results in Richlink receiving a 5% discount to the Offer Price on IPO. Based on the anticipated Offer Price of \$0.50 per share, it is expected that Richlink will be issued 2,520,000 Subscription Shares, being approximately 4% of the total issued capital in Star Combo on IPO.

- **Option Shares:** Star Combo is to issue an option to Richlink (or its nominee) with an exercise price of \$1,800,000 which is to expire three months after the IPO. The option gives Richlink the right to subscribe for that number of further Shares in Star Combo (**Option Shares**) that results in Richlink receiving a 7.5% discount (on average across both the Subscription Shares and the Option Shares) to the Offer Price. Based on the anticipated Offer Price of \$0.50 per share, it is expected that Richlink will be issued 3,930,000 Option Shares, being approximately 5.07% of the new total issued capital in Star Combo and 5.35% of the total issued capital in Star Combo before the issue of the Option Shares.

If Richlink completes its subscription for the Subscription Shares and exercises its option to subscribe for the Option Shares, then Richlink will be entitled to appoint one person as a non-executive director to the board of Star Combo.

Richlink is not involved in the IPO process, other than to:

- attend meetings of Star Combo's due diligence committee (in an observational capacity only); and
- review the draft prospectus for the sole purpose of consenting to the form and context in which Richlink is named in the prospectus.

(c) **Lepu Agreement**

Lepu is a healthcare conglomerate which specialises in the medical device, pharmaceutical drug, healthcare services and private hospital sectors in China. Established in 1999, Lepu's sales network covers 2,000 hospital and 80,000 drug stores in China, Lepu is a leader in China's cardiac therapy sector with products including coronary stents, pacemaker, occlusion devices, prosthetic heart valves, cardiac in vitro diagnosis products and cardiovascular pharmaceutical drugs. Moreover, Lepu has pipeline products in the diabetes and cancer immunotherapy realms with PD-1 and PD-L1 checkpoint inhibitors in clinical trials in China. Based in Beijing, Lepu is listed on the Shenzhen Stock Exchange Market (stock code: SZ 300003) with a current market valuation of 6.6 billion USD.

Star Combo executed an agreement with Lepu on 21 January 2017 (**Lepu Agreement**), under which Lepu subscribed for 5,000,000 fully paid ordinary shares in Costar Pharma for \$5,000,000. The Lepu Agreement does not grant Lepu any rights to participate in the IPO process, other than to conduct due diligence enquiries in relation to the business of the Company and to appoint one director to the board of Star Combo up to Listing. Furthermore, pursuant to the Restructure, Star Combo is acquiring 100% of the shares in Costar Pharma on a scrip-for-scrip basis, as set out in Section 5.2. As consideration, Lepu will be issued with 11,000,000 Shares in the Company.

(d) **Lease of Smithfield Property**

In November 2017, Star Combo Australia entered into a ten year lease with Antoine International Pty Ltd ACN 167 019 105 (a related party of the Company) (**Antoine International**) for the lease of Star Combo's Headquarters. In January 2018, Star Combo Australia entered into a sub-lease with an industrial products importer in accordance with the terms of the lease. Please refer to Section 10.7 for further details about the lease and the sub-lease.

(e) **Terry White**

On 31 August 2017, Star Combo Australia entered into two agreements with entities in the Terry White Group:

- A. Marketing Support Deed with TW&CM Pty Ltd ACN 136 833 620 (**Terry White**) (**Marketing Support Deed**); and
- B. Sale Deed – Living Health Brand and TGA Registrations with Terry White, TWC IP Pty Ltd ACN 136

833 611 and PBA Wholesale Pty Ltd ACN 157 770 244 (**Sale Deed**).

Under the Sale Deed, Star Combo Australia acquired:

- all intellectual property rights in relation to:
 - o the 'Living Healthy' brand, in the script and get-up featured in the registration of that mark on the Australian Trade Marks Register (**Brand**); and
 - o the complementary medicines offered for sale under the Brand (**Branded Vitamins**).
- the registrations of the Branded Vitamins on the ARTG (including all intellectual property rights in relation to these registrations).

The consideration under the Sale Deed is made up of both an initial cash payment of \$250,000 (**Initial Consideration**) and a deferred consideration constituted by a further cash payment of \$250,000, or issue of an equivalent number of shares in a Group entity (at the price of \$0.50 per share) (at Terry White's election) at the earlier of:

- A. 30 June 2018; and
- B. three business days prior to the:
 - (i) issue of shares in the Company pursuant to this Prospectus; or
 - (ii) completion of a sale of 100% of issued shares in Star Combo Australia; or
 - (iii) sale of all of Star Combo Australia's assets and the passing of a resolution of shareholders of Star Combo Australia to approve the distribution and payment to shareholders of the proceeds of sale.

(Deferred Consideration).

Under the Marketing Support Deed, Terry White must market, promote and support the sale of the Branded Vitamins within its network of over 450 pharmacies in Australia, and use reasonable endeavours to ensure that the Branded Vitamins are prominently displayed in each pharmacy within that network, dedicating at least a top half bay of a standard pharmacy shelf to the Branded Vitamins.

The Marketing Support Deed is for an initial term of three years (**Initial Term**), with provision for the parties to agree to extend the Initial Term to continue for a further term of three years (**Further Term**).

Star Combo will:

- manufacture the Branded Vitamins at its TGA licensed facility;
- pay to Terry White an initial sales support funding contribution by four instalments between September 2017 and June 2018, a further contribution by four instalments between September 2017 and June 2018 and two further payments due before 1 July 2018 and then 1 July 2019;
- spend a specified amount on ATL Marketing for the entire term of the deed;
- redesign the packaging of all Branded Vitamins;
- pay to Terry White a sales rebate for all sales of the Branded Vitamins outside Australia and New

Zealand for the Initial Term;

- provide a sponsorship amount towards Terry White's annual conference each year for the Initial Term; and
- pay an amount to Terry White to allow Terry White representatives to attend the *Natural Products Expo West* for the entire term of the deed.

Either party may terminate the Marketing Support Deed if the other party is in breach of the deed and that breach is irremediable or is not remedied following notice of breach, or if it becomes insolvent. Terry White has an additional right to terminate if Star Combo Australia fails to comply with its obligations under the Deferred Consideration provisions of the Sale Deed.

Living Healthy products are sold exclusively at Terry White stores and are expected to have an annual demand of over 20 million capsules per year.

Finalising these arrangements with the Terry White Group was an integral part of Star Combo's expansion plan. The Company's relationship with multiple distribution channels will enable it to develop its reputation as a trustworthy quality health products provider, as well as the opportunity enter into mainstream pharmacies in Australia in order to compete with Star Combo's close competitors.

Furthermore, the strong links between the Company and the Terry White Group enabled a Costar product launch to be hosted by at a Terry White store in Strathfield over two days in November 2017.

As noted in Section 9.2(f), there is the risk that the Company may not generate enough return to offset the expenditure spent on marketing pursuant to the agreements with the Terry White Group set out above.

(f) Research and Development

Star Combo Australia entered into an agreement with Ovina Biopharmaceuticals Pty Ltd ACN 105 552 254 (**Ovina**) on 18 October 2017 under which Ovina agreed to:

- (i) refer OEM and Original Design Manufacturer (**ODM**) clients to Star Combo Australia; and
- (ii) provide research and development services to Star Combo Australia, including the development of new product specifications and manufacturing instructions.

As consideration for Ovina's services, Star Combo Australia:

- (iii) must pay to Ovina a service fee equivalent to 3% of the increased revenue contributed by new OEM or ODM clients referred by Ovina, per (i) above; and
- (iv) must pay to Ovina a service fee equivalent to 3% of the increased revenue contributed by new products developed by Ovina, per (ii) above; and
- (v) has granted Ovina (or its nominee) four tranches of options to purchase shares in Star Combo Australia as follows:

	Price per share (\$)	Exercise period	Maximum number of Shares to be purchased in tranche
1	0.25	18 October 2017 – Offer Open Date	100,000
2	0.55	Listing – 1 year from Listing	100,000
3	0.6	1 year (+ 1 day) from Listing – 2 years from Listing	100,000
4	0.65	2 years (+ 1 day) from Listing – 3 years from Listing	100,000

Ovina must not transfer or sell shares purchased pursuant to this agreement for one year after purchase. At the Prospectus Date, Ovina has not exercised the option to purchase shares in Star Combo Australia in the first tranche.

(g) Employee agreements

Prior to 2017, 30% of the Company's staff were engaged on temporary contracts. In 2017, the Company entered into permanent employment contracts with 29 employees, which included the on boarding of

additional quality assurance staff and a group accountant. As a result, the Company's gross salary outgoings are expected to increase by approximately \$750,000 to approximately \$1.7 million in FY18.

(h) Loan facility

On 14 December 2017, Star Combo Australia entered into a facility agreement with Commonwealth Bank of Australia (**CBA**) (**Facility**), for the provision of a 3 year loan facility of \$800,000.

On 6 December 2017, Star Combo Australia received approval from CBA to vary the Facility. The variation of the Facility is subject to the satisfaction of certain conditions precedent customary for a refinancing.

The Facility will be available for business expansion expenses and is repayable on an interest-only basis for 3 years, with repayments being charged monthly. The Facility has a variable base rate minus a margin (rates subject to change).

(i) DFK Richard Hill

DFK Richard Hill has an existing retainer as financial controller and company Secretary for the Company from July 2017. Under this retainer, DFK Richard Hill's fees are \$5,000 (plus GST) per month, increasing to \$8,333 per month (plus GST) from Listing.

As part of the IPO, DFK Richard Hill provided additional assistance since 2016, including tax services, accounting advisory services, preparation of the original information memorandum, ASX preliminary application lodgement and preparation of the Financial Information section for the Prospectus. Total fees payable by Star Combo for DFK Richard Hill's services since July 2016 is estimated to be \$272,000 (plus GST) including the above retainer. Part of these fees (\$81,364 plus GST) will be paid by the issuing of 179,000 Shares to DFK Richard Hill and/or up to 15 nominees, no later than five business days following Listing.

10.7 RELATED PARTY TRANSACTIONS

In November 2017, Star Combo Australia entered into a lease with Antoine International for the lease of Star Combo's Headquarters. Star Zhang is the sole company director and secretary of Antoine International.

The rent is \$265,000 (excluding GST) per year (equivalent to approximately \$50 per square metre), payable by monthly instalment. The lease is for a period of ten years, with two options to renew of five years each. The maximum period of tenancy under the lease and permitted renewals is 20 years.

The lease will enable the Group to benefit from the manufacturing capability of the factory at the Headquarters for the long term. Under the lease, Star Combo Pty Ltd is required to paint the interior and exterior walls of the premises.

Historically, the Smithfield property owned by Antoine International was leased by four individual parties, two of which were Star Combo Australia and Costar (combined Star Combo rental expense of \$138,182 per year) and one of which is no longer a tenant.

In accordance with the terms of the lease, Star Combo Australia entered into a sub-lease with an industrial products importer and distributor (**Sub-Lessee**) in January 2018. The sub-lease entitles the Sub-Lessee to occupy half of Unit 2 and all of Unit 3, which form part of the Headquarters. The sub-lease is for a period of two years. . The rental income to be received by Star Combo Australia under the sub-lease is \$97,527 per year, which partially offsets the rent paid by Star Combo Australia under the lease with Antoine International.

10.8 EQUITY INCENTIVE SCHEME

Star Combo recognises the importance of incentivising employees, Independent Directors and contractors through share ownership. The Star Combo Employee Share Plan (**ESP**) enables the Company, from time to time and in its absolute discretion, to make an Offer to issue shares to its "eligible participants," including the Company's full-time, part-time and casual employees, independent Directors and contractors or consultants to the Company or an associated body corporate.

Any offers made by the Company pursuant to the ESP must be made in writing and specify the maximum number of shares an eligible participant can apply for, the issue price, acceptance period, restriction conditions, obligations of the participant and any other matter the Board considers relevant.

10.9 ALLOCATION POLICY

Star Combo reserves the right to authorise the issue of a lesser number of Shares than those for which application has been made or to reject any application where no issue or allocation is made or the number of Shares issued is less than the number applied for, surplus application money will be refunded without interest.

If any application form is not completed correctly or if the accompanying payment is for the wrong amount it may still be treated as valid.

The Company's decision as to whether to treat an application as valid, and how to construe, amend or complete it will be final. Furthermore, the Company's decision on the number of Shares to be allocated to an Applicant will also be final.

10.10 RIGHTS ATTACHING TO SHARES

A Shareholding in Star Combo is held subject to its Constitution. The Shares to be issued under this Prospectus will rank equally with existing Shares.

The following is a summary of the principal rights of Shareholders. It is not intended to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders, which can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. If you wish to obtain a definitive assessment of the rights and liabilities that attach to Shares in any specific circumstance, you should seek your own advice. The summary assumes that the Company is admitted to the Official List.

(a) Voting at a general meeting

At a general meeting of the Company, each Shareholder is entitled to vote at a general meeting may vote in person or by proxy.

On a show of hands, each Shareholder has one vote and on a poll, each Shareholder has one vote for each fully paid Share held, and a fraction of a vote for each partly paid Share equivalent to the proportion which the amount paid up (not credited) on that partly paid share bears to the total amounts paid and payable (excluding amounts credited) on that share. Amounts paid in advance of a call are ignored when calculating the proportion.

(b) Meetings of members

Each Shareholder is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings. Notice of a general meeting must be given to Shareholders in accordance with the Corporations Act and the Listing Rules. The Company must give Shareholders at least 28 days' written notice of a general meeting.

(c) Dividends

Subject to the Corporations Act, the Constitution and any special terms and conditions of issue, the Directors may, from time to time, pay, resolve to pay or declare any interim, special or final dividend, as in their judgement, the financial position of the Company justifies. The Directors may fix the amount, time and method of payment of the dividends.

(d) Transfer of Shares

Subject to the Constitution and to the rights or restrictions attached to any shares or a class of shares, a member may transfer all or any of their shares by:

- a Proper ASTC Transfer (as that term is defined in the Corporations Regulations); or
- an instrument of transfer in writing in any usual or common form or in any other form that the Board approves.

The Company may decline to register a transfer of Shares in a number of situations, including:

- if the Listing Rules require the Company to do so; or
- the transfer is in breach of the Listing Rules or a Restriction Agreement (as that term is defined in the Listing Rules).

If the Directors decline to register a transfer, the Company must give the party lodging the transfer written notice of the refusal and the reason for refusal.

(e) Issue of further Shares

Subject to the Constitution, the Listing Rules and the Corporations Act, the Directors may issue Shares or grant options over unissued Shares to any person and they may do so at such times and on the conditions they think fit. The Shares may be issued with preferred, deferred or special rights, or special restrictions about dividends, voting, return of capital, and payment of calls or otherwise as the Directors see fit.

(f) Preference Shares

The Company may issue preference shares including preference shares which are liable to be redeemed. The rights attaching to preference shares are those set out in the Constitution.

(g) Winding up

If the Company is wound up any property that remains after satisfaction of all debts and liabilities of the Company, the payment of the costs, charges and expenses of winding up and any adjustment of the rights of the contributories among Shareholders must be distributed among the Shareholders in accordance with their respective rights.

(h) Sale of non-marketable parcels

Provided that the procedures set out in the Constitution are followed, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of those Shares. A marketable parcel of Shares is defined in the Listing Rules and is, generally, a holding of Shares with a market value of less than \$500.

(i) Share buy-backs

The Company may buy back shares in itself in accordance with the provisions of the Corporations Act and, where applicable, the Listing Rules.

(j) Proportional takeover provisions

The Constitution contains provisions requiring Shareholder approval before any proportional takeover bid can proceed. The provision will lapse three years from the date of adoption of the Constitution or the last renewal of the rule by special resolution passed by shareholders at a general meeting.

(k) Variation of class rights

At present, the Company's only class of shares on issue is ordinary shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

- with the consent in writing of the holders of 75% of the shares of the class; or
- by a special resolution passed at a separate meeting of the holders of shares of the class.

(l) Reduction of share capital

Subject to the Constitution, Corporations Act and Listing Rules, the Company may reduce its share capital in any way permissible by the Corporations Act.

(m) Dividend reinvestment plans

Subject to the Constitution, Corporations Act and the Listing Rules, the Directors may implement a dividend reinvestment plan on such terms and conditions as they think fit.

(n) Employee share plans

Subject to the Constitution, Corporations Act and the Listing Rules, the Directors may implement an employee share plan for officers or employees of the Company on such terms and conditions as they think fit. Further details about the Company's short-term incentive arrangements are contained in Section 10.8.

(o) Directors – appointment and removal

Under the Constitution, the minimum number of Directors that may comprise the Board is three and the maximum is ten.

The Company may elect directors by resolution at a general meeting. Subject to the Constitution, the Board may appoint a Director to fill the office of a Director vacated when a Director ceases to be a Director. The Director will then hold office until the next annual general meeting of the Company and is eligible for election at that meeting. A Director may hold office without re-election for three years or until the third annual general meeting following the Director's appointment (whichever is the longer). At each annual general meeting, one-third of the Directors must retire by rotation.

(p) Directors – voting

A resolution of the Board must be passed by a majority of the votes cast by the Directors entitled to vote on the resolution. Each Director present in person or by alternate is entitled to vote and has one vote.

(q) Directors remuneration

Under the Constitution, the non-executive Directors will be remunerated for their services as Directors by an amount or value of remuneration each year (if any) as the Company in general meeting determines; or an aggregate amount or value of remuneration (if any) not exceeding the maximum amount or value as the Company in general meeting determines, to be divided among them in such proportion and manner as they agree or if they do not agree, equally. The remuneration for non-executive Directors must be a fixed amount or value and not a commission on or percentage of profits or operating revenue. The aggregate maximum amount of remuneration for non-executive Directors must not be increased except with the prior approval of the Company in general meeting. Particulars of the amount of the proposed increase and the new maximum amount or value that may be paid to the non-executive Directors as a whole must be detailed in the notice convening the meeting.

Directors and alternates are entitled to be reimbursed by the Company for reasonable costs and expenses incurred or to be incurred in connection with attendance at meetings of the Board and committees of the Board.

(r) Powers and duties of Directors

Subject to the Constitution, the Corporations Act and the Listing Rules, the activities of the Company are to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within the power of the Company and are not required by law or by the Constitution to be exercised by the Company in general meeting.

(s) Indemnities

To the extent permitted by the Corporations Act and subject to the Corporations Act, the Company may indemnify each officer, Director and Secretary of an Associated Company in respect of any liability, loss, damage, cost or expense incurred or suffered or to be incurred or suffered by the officer, Director or Secretary in or arising out of the conduct of any activity of the Associated Company or the proper performance of any duty of that officer, Director or Secretary.

The Company may enter into an agreement containing an indemnity in favour of any officer, Director or Secretary. The Board will determine the terms of the indemnity contained in the agreement.

To the extent permitted by the Corporations Act and subject to the Corporations Act, the Company may pay any premium in respect of a contract of insurance between an insurer and an officer, Director or Secretary or any person who has been an officer a Director or Secretary of the Company in respect of the liability suffered or incurred in or arising out of the conduct of any activity of the Company and the proper performance by the officer, Director or Secretary of any duty.

10.11 BENEFITS TO DIRECTORS, OTHER RELATED PARTIES AND THOSE INVOLVED IN THE PREPARATION OF THIS PROSPECTUS

(a) Interests of Directors

This Section 10.11 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus:

- no amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to a Director, or proposed Director to induce them to become, or to qualify as, a director of Star Combo; and
- none of the following persons:
 - o a Director or proposed Director;
 - o each person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
 - o a promoter of Star Combo,

holds or held at any time during the last two years an interest in:

- the formation or promotion of Star Combo;
- property acquired or proposed to be acquired by Star Combo in connection with its formation or promotion or the Offer; or
- the Offer,

and no amount was paid or given or agreed to be paid or given any amount or benefit for services provided by such persons in connection with the formation or promotion of Star Combo or the Offer.

(b) Interests of advisers

DFK Richard Hill has an existing retainer as financial controller and company Secretary for the Company. Under this retainer, DFK Richard Hill's fees are expected to be \$76,000. \$20,000 of this amount is to be paid by the issuing of an equivalent number of Shares, to DFK Richard Hill at Listing.

As part of the IPO, DFK Richard Hill provided additional assistance, including tax services, accounting advisory services, review of the Pro Forma Statement of Financial Position and advisory services as a member of the Due Diligence Committee (**DDC**). Fees payable by Star Combo for DFK Richard Hill's services for the IPO, are estimated to be approximately \$64,000. The fees will be paid by the issuing of an equivalent number of Shares to DFK Richard Hill and/or up to 15 nominees, no later than five business days following Listing.

Corrs Chambers Westgarth has acted as Australian legal adviser to Star Combo in relation to the Offer (excluding in relation to taxation and stamp duty matters). Corrs Chambers Westgarth has also provided advisory services as a member of the DDC. Fees payable by Star Combo for Corrs Chambers Westgarth's services, are estimated to be approximately \$150,000.

BDO has provided audit services in relation to the audit of the three financial years of Star Combo

Australia disclosed in this Prospectus. The fees paid by Star Combo Australia for audit services, were approximately \$149,000. BDO has provided independent limited assurance services in relation to the Star Combo Prospectus, acting in its capacity as a DDC member. In addition the tax department of BDO East Coast Partnership (Independent Taxation Advisor) has reviewed the tax position of Star Combo and provided a report to the DDC. The fees in respect of these two services are \$100,000 and \$35,000 respectively.

Growth Mantra has provided vitamin market research and strategy development services to Star Combo, for inclusion in Section 3 of this Prospectus. Fees payable by Star Combo to Growth Mantra are estimated to be approximately \$150,000.

First Guardian has acted as Lead Manager to the Offer. Fees payable by Star Combo to First Guardian are estimated to be between approximately \$168,000 and \$488,000 (depending on the amount raised by the IPO).

Unless stated otherwise, all such payments have been paid or are payable in cash and exclude GST.

10.12 CONSENTS TO BE NAMED AND DISCLAIMERS OF RESPONSIBILITY

Each of the parties referred to below:

- has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in the Prospectus and to the inclusion of any statements mentioned below in the form and context in which they appear; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility or liability for any part of or any statement in or omission from the Prospectus other than as specified below.

BDO has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as auditor to Star Combo in the form and context in which it is named and to the inclusion of its Independent Limited Assurance Report in relation to the Statutory Historical Information and Pro Forma Historical Financial Information for FY15, FY16 and FY17 in Section 7 in the form and context in which they are included.

Link Market Services has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named as Star Combo's Share Registry in the form and context in which it is named. Link Market Services has not taken part in the preparation of any part of this Prospectus other than the recording of its name as Share Registry to Star Combo.

Corrs Chambers Westgarth has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named as Star Combo's Australian legal adviser (other than in relation to taxation and stamp duty matters) in the form and context in which it is named.

DFK Richard Hill has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named as Star Combo's financial adviser in the form and context in which it is named. DFK Richard Hill has not taken part in the preparation of any part of this Prospectus other than the recording of its name as Australian financial adviser to Star Combo.

Richlink has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named as an investor in Star Combo in the form and context in which it is named.

Lepu has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named as an investor in Star Combo in the form and context in which it is named. Lepu has not taken part in the preparation of any part of this Prospectus other than the recording of its name as an investor in Star Combo.

First Guardian has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named as the Lead Manager of the Offer in the form and context in which it is named. First Guardian has not taken part in the preparation of any part of this Prospectus other than the recording of its name as the Lead Manager of the Offer.

Growth Mantra has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named as an adviser to Star Combo in the form and context in which it is named. Growth Mantra has not taken part in the preparation of any part of this Prospectus other than conducting vitamin market research and strategy development services to Star Combo, for inclusion in Section 3 of this Prospectus.

10.13 EXPENSES OF THE OFFER

The expenses connected with the Offer, which are payable by Star Combo, include the anticipated legal and other adviser fees, disbursements, registration fees and listing fees and based on the anticipated listing of \$10 million are expected to be \$1.25 million.

10.14 LEGAL PROCEEDINGS

As far as the Directors are aware, there are no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which Star Combo is directly or indirectly concerned which are likely to have a material adverse effect on the business or financial position of Star Combo.

10.15 TAXATION

Prospective investors are advised to obtain their own tax advice in relation to any future dividends that may be payable by Star Combo and any future disposal of their shares.

10.16 DIRECTORS' CONSENT

Each Director on behalf of the Company has authorised and consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent before its lodgement with ASIC.

This Prospectus is signed by a Director of Star Combo, under Section 351 of the Corporations Act on behalf of the Company.

Signed for and on behalf of Star Combo by:



Star Zhang
Managing Director



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GLOSSARY

AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
Antoine International	Antoine International Pty Ltd ACN 167 019 105
Applicant	A person who submits an Application under this Prospectus.
Application	An application for Shares under this Prospectus
Application Form	The relevant form attached to or accompanying this Prospectus, pursuant to which Applicants apply for Shares.
Application Money	The amount accompanying an Application Form submitted by an applicant
ARTG	Australian Register of Therapeutic Goods
ASIC	The Australian Securities and Investments Commission
ASPL	ASX Settlement Pty Ltd ACN 008 504 532
ASX	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires
ASX Listing Rules	The official listing rules of the ASX, as amended from time to time
ASX Recommendations	The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
ASX Settlement Rules	The operating rules of the settlement facility provided by ASPL
ASX Settlement Operating Rules	The operating rules of ASX Settlement and, to the extent that they are applicable, the operating rules of each of ASX and ASX Clear Pty Limited ACN 001 314 503
ATL Marketing	Means "above the line marketing" and includes: (a) advertising and promotional spend on television, radio and magazine advertisements, billboards and public transport; and (b) other advertisements utilizing mass media to target a wider spread of audience (as opposed to advertising specific to individual consumers such as the distribution of pamphlets, brochures, point of sale flyers, product demos or samplings)
ATO	Australian Taxation Office
Auditor	BDO Audit
AUD, A\$, \$ or Australian Dollar	The lawful currency of the Commonwealth of Australia
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group Interpretations
BDO Audit	BDO East Coast Partnership

BDO	BDO Corporate Finance (East Coast) Pty Ltd ACN 050 038 170
Board or Board of Directors	The board of Directors of Star Combo
CEO	Chief Executive Officer
Chairman	The chairman of the Board
Closing	27-Apr-18
Constitution	The constitution of the Company as amended from time to time.
Corporations Act	Corporations Act 2001 (Cth)
Corporations Regulations	Corporations Regulations 2001 (Cth)
Costar Pharma	Costar Pharma Laboratory Pty Ltd ACN 132 907 138
DFK Richard Hill	DFK Richard Hill ACN 160 534 369
Directors	The directors of Star Combo from time to time, being as at the date of this Prospectus: Richard Allely, Star Zhang and Su Zhang.
ESP	Star Combo Employee Share Plan
Escrowed Shareholders	Certain Shareholders that hold Escrowed Shares at Closing.
Escrowed Shares	Certain of the Shares held by the Escrowed Shareholders at Closing.
Executive Directors	Star Zhang and Su Zhang
Expiry Date	15 March 2019, being the date which is 13 months after the original prospectus date (16 February 2018), after which no Shares will be issued or transferred under this Prospectus.
Financial Information	Has the meaning given in Section 7
First Guardian or Lead Manager	First Guardian Synergy Capital Pty Ltd ACN 619 169 667
Further Term	The further term of three years commencing on the day following the expiry of the Initial Term.
FY14	The financial year ended 30 June 2014
FY15	The financial year ended 30 June 2015
FY16	The financial year ended 30 June 2016
FY17	The financial year ended 30 June 2017
FY18	The financial year ending 30 June 2018
FY19	The financial year ending 30 June 2019
GMP	The relevant Good Manufacturing Practice established by the Minister for Health under the Therapeutic Goods Act 1989 (Cth).

Group	Star Combo Star Combo Australia Costar Pharma
Growth Mantra	Growth Mantra Pty Ltd ACN 126 346 245
GST	Goods and services tax
Headquarters	The headquarters of the Company, the facilities of which are set out in Section 2.7
HIN	Holder Identification Number
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
Initial Term	The initial three year term of the agreement between Star Combo Australia and Terry White
Intellectual Property	Any and all of the Company's intellectual and proprietary rights (whether registered or unregistered) including business names, patents, patent applications, drawings, discoveries, inventions, improvements, trade secrets, technical data, formulae, computer programs, databases, know-how, logos, designs, design rights and similar industrial, commercial and intellectual property (and all goodwill associated with any of the foregoing)
Independent Limited Assurance Report	The independent limited assurance report set out in Section 8.
Independent Taxation Adviser	Tax department of BDO Audit
Investigating Accountant	BDO
IPO	Initial Public Offering
IVA	Industry Value Added, a measure of an industry's contribution to the overall economy
Lepu	Lepu Medical (Europe) Cooperatief U.A.
Lepu Agreement	The agreement between Star Combo and Lepu dated 21 January 2017
Link Market Services	Link Market Services Limited ABN 54 083 214 537
Listing	The date on which the Company is admitted to the Official List
Listing Rules	The official listing rules of ASX
Management	The Group's management team, led by Star Zhang (Managing Director) as set out in Section 4.2.
Management Agreement	The agreement between the Company and First Guardian dated 7 June 2017

Marketing Support Deed	The marketing support deed dated 31 August 2017 between Terry White and Star Combo Australia.
Non-Executive Director	Richard Allely
OEM	Original Equipment Manufacturer
Offer	The offer of one Share at \$0.50 per Share on the terms set out in this Prospectus
Offer Document	The documents issued or published by or on behalf of the Company in respect of the Offer, including this Prospectus, any Application Forms, any investor presentation used in connection with the Institutional Offer and any supplementary or replacement prospectus
Offer Open Date	The date that the Offer opens, which is 27 February 2018
Offer Period	27 February 2018 – 27 April 2018
Offer Price	\$0.50
Official List	The official list of entities that ASX has admitted and not removed from listing
Option Shares	The Shares Richlink is entitled to subscribe for pursuant to the terms of the option granted by Star Combo to Richlink in accordance with the Richlink Agreement.
Ovina	Ovina Biopharmaceuticals Pty Ltd ACN 105 552 254
Privacy Act	Privacy Act 1989 (Cth)
Pro Forma Historical Balance Sheet	The pro forma historical financial information described in Section 7
Pro Forma Historical Cash Flows	The pro forma historical financial information described in Section 7
Pro Forma Historical Financial Information	The pro forma historical financial information described in Section 7
Pro Forma Historical Results	The pro forma historical financial information described in Section 7
Prospectus	This document which is a replacement document for the prospectus lodged with ASIC on 16 February 2018
Prospectus Date	The date on which a copy of this Prospectus was lodged with ASIC, being 23 February 2018
Revenue	Income received from normal business activities
Restricted Persons	Has the meaning given in the Company's securities trading policy and set out in Section 4.6(d)
Restructure	The restructure arrangements set out in Section 5.2
Richlink	Richlink Capital Pty Ltd ACN 109 596 394
Richlink Agreement	The agreement between Richlink and Star Combo dated 2 November 2017.
Sale Deed	The sale deed dated 31 August 2017 between Star Combo Australia, Terry White, TWC IP Pty Ltd ACN 136 833 611 and PBA Wholesale Pty Ltd ACN 157 770 244.

Settlement	Settlement in respect of the Shares the subject of the Offer
Share	A fully paid ordinary share in the capital of Star Combo
Share Registry	Link Market Services or any other share registry that Star Combo appoints to maintain the register of Shares
Shareholder	A holder of Shares
Star Combo or Company	Star Combo Pharma Limited ACN 615 728 375, a company incorporated in New South Wales, Australia
Star Combo Australia	Star Combo Australia Pty Ltd ACN 109 274 731
Star Combo Pty Ltd	Star Combo Pty Ltd ACN 620 599 475
Subscription Shares	The Shares which Richlink will acquire in accordance with the terms of Richlink Agreement.
SRN	Securityholder reference number
Subsidiary	Has the meaning given in the Corporations Act
Sydney Time	The time in Sydney, Australia
Terry White	TW&CM Pty Ltd ACN 136 833 620
Terry White Group	Terry White
	TWC IP Pty Ltd ACN 136 833 611
	PBA Wholesale Pty Ltd ACN 157 770 244
TGA	Therapeutic Goods Administration
TGA Licence	The licence held by Costar Pharma Laboratory Pty Ltd ACN 132 907 138 from the TGA
US Securities Act	United States Securities Act of 1933, as amended
VDS	Vitamin and dietary supplements



Star Combo Pharma Limited
ACN 615 728 375