CHINA STAR FOOD GROUP LIMITED (formerly known as Brooke Asia Limited)
(Incorporated in the Republic of Singapore)
(Company Registration No. 200718683N)

Unaudited Financial Statements and Dividend Announcement
For the Three Months Ended 31 December 2015

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

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

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Background

China Star Food Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**"), formerly known as Brooke Asia Limited, was formed through a reverse takeover ("**RTO**") of 100% equity interest in China Star Food Holdings Pte. Ltd. ("**CSFH**" and together with its subsidiaries, the "**CSFH Group**") which primarily engaged in the production and sales of sweet potato snack food products in the People's Republic of China. The RTO was completed on 22 September 2015 and the Company was renamed China Star Food Group Limited on the same day. Please refer to the Company's circular dated 26 June 2015 for further details of the RTO.

Following the completion of the RTO, the presentation currency of the Company's financial statements was changed from Singapore Dollars ("**SGD**") to Chinese Renminbi ("**RMB**"). The exchange rates of SGD1.00 to RMB4.5235 (as at 30 June 2015) and SGD1.00 to RMB4.5265 (as at 22 September 2015) were used for the conversion of the balances denominated in SGD.

The financial year end of CSFH is 31 March. Pursuant to the completion of the RTO, the financial year end of the Company has been changed from 30 June to 31 March to align with the same financial year end of CSFH.

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

At Group Level

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

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

Accordingly, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows for the three months and nine months ended 31 December 2015 have been presented as a continuation of the CSFH Group's financial results and operations.

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

(a) the assets and liabilities of the CSFH Group are recognised and measured in the consolidated statement of financial position at their pre-combination carrying amounts;
(b) the assets and liabilities of the Company, the accounting acquiree, are recognised and measured in accordance with FRS 103;
(c) the retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of the CSFH Group immediately before the business combination;
(d) the amount recognised as issued equity interest in the consolidated financial statements is determined by adding to the issued equity of the CSFH Group immediately before the business combination to the fair value of the Company determined based on the share price of the Company at the acquisition date. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) shall reflect the equity structure of the legal parent (i.e. the Company), including the equity instruments issued by the legal parent (i.e. the Company) to effect the combination; and
(e) the comparative figures presented in these consolidated financial statements are that of consolidated financial statements of the CSFH Group.

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

At Company Level

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

Notes:

(i) The Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the nine months ended 31 December 2015 ("**9M2016**") refer to the enlarged group which included the results of the CSFH Group from 1 April 2015 to 31 December 2015 and the results of China Star Food Group Limited (formerly known as Brooke Asia Limited) for the period from 23 September 2015 to 31 December 2015.

(ii) The Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the nine months ended 31 December 2014 ("**9M2015**") refer to the results of the CSFH Group from 1 April 2014 to 31 December 2014.

(iii) The Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the three months ended 31 December 2015 ("**3Q2016**") refer to the enlarged group which included the results of the CSFH Group from 1 October 2015 to 31 December 2015 and the results of China Star Food Group Limited (formerly known as Brooke Asia Limited) for the period from 1 October 2015 to 31 December 2015.

(iv) The Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the three months ended 31 December 2014 ("**3Q2015**") refer to the results of the CSFH Group from 1 October 2014 to 31 December 2014.

(v) The Group's consolidated statement of financial position as at 31 December 2015 refers to the enlarged group which consists of the assets and liabilities of the CSFH Group and China Star Food Group Limited (formerly known as Brooke Asia Limited) as at 31 December 2015.

(vi) The Group's consolidated statement of financial position as at 31 December 2014 refers to the consolidated statement of financial position of the CSFH Group.

(vii) The Company's statement of financial position as at 31 December 2015 and the statement of changes in equity for the 3Q2016 refer to that of China Star Food Group Limited (formerly known as Brooke Asia Limited).

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3) AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group			Group		
	Three Months Ended			Nine Months Ended		
	31 December 2015 (Unaudited) RMB'000	31 December 2014 (Unaudited) RMB'000	Change %	31 December 2015 (Unaudited) RMB'000	31 December 2014 (Unaudited) RMB'000	Change %
Revenue	131,438	111,528	17.9	352,537	286,788	22.9
Cost of sales	(73,277)	(60,953)	20.2	(195,985)	(170,926)	14.7
Gross profit	58,161	50,575	15.0	156,552	115,862	35.1
Other items of income						
Interest income	1,141	75	n.m.	3,384	192	n.m.
Other income	-	-	-	246	-	n.m.
Other items of expense						
Marketing and distribution costs	(17,401)	(9,286)	87.4	(38,707)	(22,966)	68.5
Administrative expenses	(19,436)	(2,776)	600.1	(30,981)	(6,562)	372.1
Finance costs	(230)	(205)	12.2	(808)	(428)	88.8
Other operating expenses	-	(3)	n.m.	(4,928)	(45)	n.m.
Profit from operation	22,235	38,380	(42.1)	84,758	86,053	(1.5)
Non-operating expenses	-	-	-	(70,554)	-	n.m.
Profit before income tax	22,235	38,380	(42.1)	14,204	86,053	(83.5)
Income tax expense	(5,320)	(8,615)	(38.2)	(23,336)	(20,732)	12.6
Profit /(loss) for the period, net of tax	16,915	29,765	(43.2)	(9,132)	65,321	n.m.
Other comprehensive income						
Items that will or may be reclassified subsequently to profit or loss						
Foreign currency translation differences, net of tax	(112)	384	n.m.	317	697	(54.5)
Total comprehensive income/(loss) for the period	16,803	30,149	(44.3)	(8,815)	66,018	n.m.

n.m. – not meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

Profit/ (Loss) for the financial period is stated after charging/(crediting) the following:	Group Three Months Ended 31 December 2015 (Unaudited) RMB'000	Three Months Ended 31 December 2014 (Unaudited) RMB'000	Group Nine Months Ended 31 December 2015 (Unaudited) RMB'000	Nine Months Ended 31 December 2014 (Unaudited) RMB'000
Amortisation of intangible assets	664	44	1,993	132
Amortisation of leased farmland	-	600	-	1,800
Depreciation of property, plant and equipment	1,329	507	2,755	1,311
Foreign exchange loss/(gain), net	30	(175)	(96)	-
Interest expense	230	205	808	428
Interest income	(1,141)	(75)	(3,384)	(192)
Loss on transfer of leased farmland	-	-	1,713	-
Property, plant and equipment written off	-	1	2,814	43
Non-operating expenses				
Goodwill written-off	-	-	36,660	-
RTO expenses	-	-	33,894	-

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31 December 2015 (Unaudited) RMB'000	31 March 2015 (Unaudited) RMB'000	31 December 2015 (Unaudited) RMB'000	30 June 2015 (Unaudited) RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	93,280	81,166	-	611
Intangible assets	18,914	9,093	-	-
Other receivables, non-current	18,360	-	-	-
Other assets, non-current	27,987	64,500	-	-
Investment in subsidiaries	-	-	770,868	-
Total non-current assets	158,541	154,759	770,868	611
Current assets				
Inventories	8,843	5,514	-	-
Trade and other receivables	19,409	11,160	-	1,303
Other assets, current	10,039	10,169	-	-
Cash and cash equivalents	170,712	121,209	1	19,917
Total current assets	209,003	148,052	1	21,220
Total assets	367,544	302,811	770,869	21,831
EQUITY AND LIABILITIES				
Equity				
Share capital	88,109	5	787,533	28,834
Retained earnings / (accumulated losses)	177,163	200,983	(35,097)	(10,006)
Other reserves	26,444	11,439	10,349	(19)
Total equity	291,716	212,427	762,785	18,809
Non-current liability				
Deferred tax liability	1,246	-	-	-
Total non-current liability	1,246	-	-	-
Current liabilities				
Income tax payable	5,103	10,584	-	-
Trade and other payables	50,844	49,764	8,084	3,022
Other financial liabilities	13,000	27,276	-	-
Other liabilities	5,635	2,760	-	-
Total current liabilities	74,582	90,384	8,084	3,022
Total liabilities	75,828	90,384	8,084	3,022
Total equity and liabilities	367,544	302,811	770,869	21,831

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31 December 2015 (Unaudited)		As at 31 March 2015* (Unaudited)	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
10,000	3,000	10,000	3,000

**Excludes loans from director amounting to RMB14,276,000.*

Amount repayable after one year

As at 31 December 2015 (Unaudited)		As at 31 March 2015 (Unaudited)	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	-	-

Details of any collateral

The bank loan of RMB10,000,000 is secured by mortgages of a leasehold building and land use rights of the Group, and guaranteed by one of the Company's directors.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Cash Flows

	Group		Group	
	Three months Ended		Nine months Ended	
	31 December 2015 (Unaudited) RMB´000	31 December 2014 (Unaudited) RMB´000	31 December 2015 (Unaudited) RMB´000	31 December 2014 (Unaudited) RMB´000
Cash flows from operating activities				
Profit before income tax	22,235	38,380	14,204	86,053
Interest income	(1,141)	(75)	(3,384)	(192)
Interest expense	230	205	808	428
Depreciation of property, plant and equipment	1,329	507	2,755	1,311
Property, plant and equipment written-off	-	1	2,814	43
Amortisation of intangible assets	664	44	1,993	132
Amortisation of leased farmland	-	600	-	1,800
Loss on transfer of leased farmland	-	-	1,713	-
Goodwill written-off	-	-	36,660	-
RTO professional fees paid in shares	-	-	28,064	-
Exchange differences on translating functional to presentation currency	(111)	584	345	697
Operating cash flows before changes in working capital	**23,206**	**40,246**	**85,972**	**90,272**
Inventories	(2,408)	231	(3,329)	24,811
Trade and other receivables	(3,977)	(5,119)	(7,017)	4,943
Other assets	(8,162)	(7,654)	2,659	(7,140)
Trade and other payables	12,570	13,102	16,144	7,548
Other liabilities	(4,468)	(14,091)	2,876	2,407
Net cash flows from operations	16,761	26,715	97,305	122,841
Income taxes paid	(7,232)	(6,114)	(27,571)	(25,537)
Net cash flows from operating activities	**9,529**	**20,601**	**69,734**	**97,304**
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,863)	(18,340)	(17,683)	(61,353)
Advance payment for land use rights	-	(9,450)	-	(9,450)
Acquisition of intangible assets	-	-	(119)	-
Cash inflow from RTO	-	-	1	-
Repayment of loan from directors	-	-	(15,064)	-
Interest income received	1,141	75	3,384	192
Net cash flows used in investing activities	(722)	(27,715)	(29,481)	(70,611)
Cash flows from financing activities				
Proceed of convertible loan	-	-	8,927	-
Proceed of new bank loan	-	10,000	3,000	13,000
Repayment of bank loan	-	(2,150)	(3,000)	(5,150)
Proceeds of loan from directors	-	3,936	1,131	9,282
Advances from a related party	-	80	-	168
Repayment of advances from a related party	-	(88)	-	(88)
Interest expense paid	(230)	(205)	(808)	(428)
Adjustment pursuant to restructuring exercise	-	-	-	(15,000)

Net cash flows (used in)/from financing activities	(230)	11,573	9,250	1,784
Net change in cash and cash equivalents	8,577	4,459	49,503	28,477
Cash and cash equivalents at beginning of financial period	162,135	88,197	121,209	64,179
Cash and cash equivalents at end of the financial period	170,712	92,656	170,712	92,656

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Changes in Equity
Group

	Share capital (Unaudited) RMB'000	Other reserves (Unaudited) RMB'000	Retained earnings (Unaudited) RMB'000	Total equity (Unaudited) RMB'000
Balance at 1 October 2015	88,109	11,868	174,936	274,913
Total comprehensive income	-	(112)	16,915	16,803
Transfer to other reserves	-	14,688	(14,688)	-
Balance as at 31 December 2015	88,109	26,444	177,163	291,716
Balance at 1 October 2014	5	10,949	142,588	153,542
Total comprehensive income	-	384	29,765	30,149
Transfer from other reserves	-	(522)	522	-
Balance as at 31 December 2014	5	10,811	172,875	183,691

Company

	Share capital (Unaudited) RMB'000	Other reserves (Unaudited) RMB'000	Accumulated losses (Unaudited) RMB'000	Total equity (Unaudited) RMB'000
Balance as at 1 October 2015	787,533	(12,405)	(34,186)	740,942
Total comprehensive income/(loss)	-	22,754	(911)	21,843
Balance as at 31 December 2015	787,533	10,349	(35,097)	762,785
Balance as at 1 October 2014	28,834	(3,402)	(1,515)	23,917
Total comprehensive loss	-	-	(2,832)	(2,832)
Balance as at 31 December 2014	28,834	(3,402)	(4,347)	21,085

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Shares Capital – Ordinary Shares

	Number of issued shares	Issued and paid-up share capital (RMB'000)
Balance as at 1 October 2015	924,636,000	787,533
Adjustment of shares pursuant to Share Consolidation	(693,477,000)	-
Balance as at 31 December 2015	**231,159,000**	**787,533**

On 22 December 2015, the Company completed a share consolidation exercise to consolidate every 4 ordinary shares in the capital of the Company into 1 consolidated share ("**Share Consolidation**"). The issued share capital of the Company now comprises 231,159,000 consolidated shares after the Share Consolidation.

Save for the above, there were no changes in the issued share capital of the Company since 30 September 2015.

The Company did not have any outstanding options, convertibles or treasury shares as at 31 December 2015 and 30 June 2015.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	As at 31 December 2015	As at 30 June 2015
Total number of issued shares	231,159,000	53,636,000*

* *Prior to RTO*

The Company did not have any treasury shares as at 31 December 2015 and 30 June 2015.

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the most recently audited combined financial statements of the CSFH Group for the financial year ended 31 March 2014 as set out in the Company's circular dated 26 June 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all the applicable new and revised Financial Reporting Standards ("**FRS**") and Interpretation of FRS ("**INT FRS**") that are relevant to its operation and effective for the accounting periods beginning on or after 1 April 2015. The adoption of these new and revised FRS did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group			
	Three Months Ended		Nine Months Ended	
Earnings/(Loss) per share ("EPS" or "LPS")	**31 December 2015 (Unaudited)**	**31 December 2014 (Unaudited)**	**31 December 2015 (Unaudited)**	**31 December 2014 (Unaudited)**
Profit/(Loss) for the period (RMB'000)	16,915	29,765	(9,132)	65,321
Weighted average number of ordinary shares in issue[(1)]	217,722,263	210,000,000	217,722,263	210,000,000
Basic EPS/(LPS) (RMB cents)	7.77	14.17	(4.19)	31.11
Fully diluted EPS/(LPS)[(2)] (RMB cents)	7.77	14.17	(4.19)	31.11

Note:

(1) The weighted average number of ordinary shares used for the calculation of earnings/loss per share has been adjusted for Share Consolidation.

(2) The basic and fully diluted LPS/EPS were the same as there were no potentially dilutive ordinary shares in issue as at 31 December 2015 and 31 December 2014.

The table below shows the EPS after adjusting for non-recurring one-off items pertaining to the RTO:-

	Group	
	Three Months Ended 31 December 2015 (Unaudited)	**Nine Months Ended 31 December 2015 (Unaudited)**
Profit /(Loss) for the period (RMB'000)	16,915	(9,132)
Adjusting for non-recurring items:		
- Goodwill written off (RM'000)	-	36,660
- RTO expenses (RMB'000)	-	33,894
Profit for the period after adjusting for non-recurring items (RMB'000)	16,915	61,422
Basic EPS[(1)] (RMB cents)	7.77	28.21
Fully diluted EPS[(1)(2)] (RMB cents)	7.77	28.21

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the

(a) Current period reported on; and

(b) Immediately preceding financial year

Net asset value ("NAV")	Group		Company	
	31 December 2015 (Unaudited)	31 March 2015 (Unaudited)	31 December 2015 (Unaudited)	30 June 2015 (Unaudited)
NAV per ordinary share (RMB cents)	126.20	91.90	329.98	140.27
Number of ordinary shares in issue[(1)]	231,159,000	231,159,000[(2)]	231,159,000	13,409,000

Note:

(1) The number of ordinary shares used for the calculation of net asset value per share has been adjusted for Share Consolidation.

(2) For comparable purpose, the NAV per share of the Group as at 31 March 2015 is computed based on total number of ordinary shares in issue at the date on the completion of the RTO.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Review for the performance of the Group for the three months ended 31 December 2015 ("3Q2016") as compared to the three months ended 31 December 2014 ("3Q2015").

Consolidated Statement of Comprehensive Income

Revenue

The detailed breakdown of revenue of the Group by product categories was as follows:

Revenue by product category	3Q2016 (RMB'000)	3Q2015 (RMB'000)	% change
Preserved foods	11,632	14,543	(20.0)
Crisps	10,945	10,132	8.0
Candies	45,574	29,273	55.7
Baked goods	35,206	25,425	38.5
Pastries	17,503	19,134	(8.5)
Roasted sweet potato nuts	10,578	13,021	(18.8)
Total revenue	131,438	111,528	17.9

The increase in revenue of approximately RMB19.9 million or 17.9% was mainly attributable to the increase in sales from crisps, candies and baked goods, partially offset by a decrease in sales from preserved foods, pastries and roasted sweet potato nuts as a result of new products launches and revamped product packaging on certain product categories. The overall increase in revenue was also attributable to more advertising and sales promotional events in 3Q2016.

Gross profit

Gross profit increased by approximately RMB7.6 million or 15.0%. This was in line with the increase in revenue.

Despite the increase in gross profit, the overall gross profit margin declined slightly from 45.3% to 44.2%. This was mainly due to the payment of incentive bonus of RMB1.7 million to the production workers.

Other items of income

Interest income

Interest income increased by approximately RMB1.1 million due mainly to recognition of interest income of RMB1.1 million from the unwinding of the finance income arising from the discounted five annual repayments relating to the transfer of leased farmland arrangement. Please refer to the Company's circular to shareholders dated 26 June 2015 for further details of the transfer of leased farmland arrangement.

Other items of expense

Marketing and distribution costs

Marketing and distribution costs increased by RMB8.1 million or 87.4%. This was primarily due to increase in advertisement costs (RMB1.2 million), delivery charges (RMB0.6 million), sales personnel salaries and bonuses (RMB2.8 million), publicity expenses (RMB1.6 million) and sales promotional expenses (RMB1.5 million), which was in line with the Group's marketing strategy to create brand awareness and expand sales channels.

Administrative expenses

Administrative expenses increased by RMB16.6 million or 600.1%. This was mainly due to increase in research and development costs for new products to aid future sales (RMB13.0 million), amortisation of intangible assets (RMB0.6 million), administrative staff salaries (RMB0.4 million), depreciation of property, plant and equipment (RMB0.9 million) and audit fees (RMB0.5 million). The increase in amortisation of intangible assets and depreciation of property, plant and equipment was due to the recognition of intangible assets from the transfer of leased farmland arrangement and completion of certain construction in progress and purchase of new production equipment respectively.

Finance costs

The increase in finance costs of RMB25,000 or 12.2% was mainly due to higher interest rate in 3Q2016.

Other operating expenses

No other operating expenses were incurred in 3Q2016 as compared to RMB3,000 in 3Q2015 incurred for inventories written off.

Income tax expense

Income tax expense comprised income tax expense and deferred income tax of RMB5.2 million and RMB0.1million respectively. The decrease in income tax expense of approximately RMB3.3 million or 38.2% was due to lower profit from operation.

Consolidated Statement of Financial Position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 December 2015 and 31 March 2015.

Non-current assets

The increase in property, plant and equipment of RMB12.1 million mainly arose from the construction work-in-progress for the new factory and office building in Liancheng County, People's Republic of China ("**PRC**"), which was partially offset by the depreciation of property, plant and equipment and property, plant and equipment written off.

Intangible assets increased by RMB9.8 million. This was mainly due to the recognition of intangible assets as a result of the agreed purchase discount given by a supplier to the Company's subsidiary arising from the contract term in the transfer of leased farmland. This increase was partially offset by the amortisation of these intangible assets.

Other receivables (non-current) of RMB18.4 million relate to the non-current receivables arising from the transfer of leased farmland.

The decrease in other assets (non-current) of RMB36.5 million was mainly due to the transfer of leased farmland.

Current assets

Inventories increased by RMB3.3 million were mainly due to higher level of finished goods in view of more sales orders received from customers and due to bulk purchase of raw materials.

Trade and other receivables increased by RMB8.2 million due to an increase in other receivables of RMB10.9 million mainly arising from the current receivables from transfer of leased farmland of RMB5.9 million and advance payment for purchase of production equipment amounting to RMB4.1 million. It was partially offset by a decrease in trade receivables of RMB2.6 million as a result of payments from customers.

Non-current liability

Deferred tax liability relates to withholding tax on current period distributable earnings of one of our PRC subsidiaries. Distributable earnings declared by the PRC subsidiary as dividends to its foreign investor is subject to withholding tax in the PRC.

Current liabilities

Income tax payable decreased by RMB5.5 million was mainly due to lower profit from operation in 3Q2016 as compared to higher profit in peak season from 1 January 2015 to 31 March 2015, resulting in lower income tax payable as at 31 December 2015.

Trade and other payables increased by RMB1.1 million was mainly due to the increase in trade payables of RMB5.5 million and accrual of operating expenses of RMB10.6 million. The increase in trade payables and accruals was mainly due to delay settlement of the sweet potatoes purchased from the leased farmland, and increase in accrual of incentive bonus in December 2015, respectively. The increase was partially offset by the settlement of an amount due to a director for acquisition of a subsidiary of RMB15.1 million.

Other financial liabilities decreased by RMB14.3 million. This was mainly due to capitalisation of loan due to a director.

Other liabilities increased by RMB2.9 million were mainly due to the increase in advances from customers for sales orders placed by the customers.

Consolidated Statement of Cash Flows

Net cash from operating activities of RMB9.5 million in 3Q2016 as compared to net cash from operating activities of RMB20.6 million in 3Q2015 was mainly due to lower profit recorded in 3Q2016.

Net cash used in investing activities of RMB0.7 million in 3Q2016 as compared to net cash used in investing activities of RMB27.7 million in 3Q2015 was mainly due to the higher purchase of property, plant and equipment (including increase in construction-in-progress) in 3Q2015.

Net cash used in financing activities of RMB0.2 million in 3Q2016 as compared to net cash from financing activities of RMB11.6 million in 3Q2015 was mainly due to the absence of loan proceeds from banks and directors in 3Q2016.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

In the section titled "Prospects, Business Strategies and Future Plans – Strategy and Future Plans" of the Company's circular dated on 26 June 2015, it was stated that the new factory constructed by Fujian Zilaohu on a 13,910 sqm plot of land in Liancheng Industrial Park, Food Processing Area, was expected to begin production in the second half of 2015.

In order to increase the attractiveness of Liancheng Industrial Park, the local government has since decided to construct centralised waste water treatment facilities for use by the local occupants. This is beneficial to the Group as such outlay would then be borne by the local government and the Group needs not build its own waste water treatment facilities.

The Group has commenced partial production in the new factory, and expects full production to commence only after completion of the centralised waste water treatment facilities by the local government.

The delay in commencement of full production in the Fujian Zilaohu's factory will not have any material impact on the existing production capacity of the Group as the existing facilities of the Group are adequate to accommodate its current production requirements.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The business outlook for the sweet potato snack food industry in China remains robust and the Group is geared for growth both in our product varieties and production capacity to meet the growing demand in China for sweet potato snack food. The Group also aims to tap into overseas export markets.

11. Dividend

If a decision regarding dividend has been made:-

(a) Whether an interim (final) dividend has been declared (recommended); and

No dividend has been declared or recommended for the current financial period reported on.

(b)(i) Amount per share (cents)
(Optional) Rate (%)

Not applicable.

(b)(ii) Previous corresponding period (cents)
(Optional) Rate (%)

Not applicable. No dividend has been declared or recommended for the previous corresponding period.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended for 3Q2016.

13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have any existing general mandate from shareholders for IPTs pursuant to Rule 920(1)(a)(ii) of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

For the financial year ending 31 March 2016, the total rental payable to Liancheng Tianhe Food Factory (连城天合食品厂) amounted to RMB1,272,000. Please refer to the Company's circular to shareholders dated 26 June 2015 for further details. Save for the rental expense paid to Liancheng Tianhe Food Factory (连城天合食品厂) amounting to RMB318,000 in 3Q2016, there were no other interested person transactions entered into by the Group in 3Q2016.

14. Negative Confirmation by the Board Pursuant to Rule 705(5) of the Catalist Listing Manual

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for 3Q2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Liang Chengwang
Executive Chairman and Chief Executive Officer
1 February 2016