CHINA STAR FOOD GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200718683N)

Unaudited Financial Statements and Dividend Announcement
For the Financial Year Ended 31 March 2017

*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 sale 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 financial year ended 31 March 2016 have been presented as a continuation of the CSFH Group's financial results and operations.

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

(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 financial year ended 31 March 2017 ("**FY2017**") refer to the enlarged group which included the results of the CSFH Group from 1 April 2016 to 31 March 2017 and the results of China Star Food Group Limited for the period from 1 April 2016 to 31 March 2017.

(ii) The Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the financial year ended 31 March 2016 ("**FY2016**") refer to the enlarged group which included the results of the CSFH Group from 1 April 2015 to 31 March 2016 and the results of the China Star Food Group Limited for the period from 23 September 2015 to 31 March 2016.

(iii) The Group's consolidated statement of financial position as at 31 March 2017 and 31 March 2016 refers to the enlarged group which consists of the assets and liabilities of the CSFH Group and China Star Food Group Limited as at 31 March 2017 and 31 March 2016.

(iv) The Company's statement of financial position as at 31 March 2017 and 31 March 2016 and the statement of changes in equity for the FY2017 and FY2016 refer to that of China Star Food Group 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		
	Financial Year Ended		
	31 March 2017 (Unaudited)	31 March 2016 (Audited)	Change
	RMB'000	RMB'000	%
Revenue	392,722	470,907	(16.6)
Cost of sales	(234,461)	(262,089)	(10.5)
Gross profit	158,261	208,818	(24.2)
Other gains	-	1,464	n.m.
Interest income	3,521	3,978	(11.5)
Other income	1	245	(99.6)
Marketing and distribution costs	(77,220)	(55,895)	38.2
Administrative expenses	(37,278)	(37,621)	(0.9)
Finance costs	(808)	(1,022)	(20.9)
Other operating expenses	(2,260)	(401)	463.6
Other losses	(12,260)	(2,858)	329.0
Other expenses	-	(70,554)	n.m.
Profit before income tax	31,957	46,154	(30.8)
Income tax expense	(10,382)	(29,851)	(65.2)
Profit for the year, net of tax	21,575	16,303	32.3
Other comprehensive (loss)/income			
Items that will or may be reclassified subsequently to profit or loss			
Foreign currency translation differences	(29)	249	(111.6)
Total comprehensive income for the year	21,546	16,552	30.2

n.m. – not meaningful

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

Profit for the financial year is stated after charging/(crediting) the following:	**Financial Year Ended**	
	31 March 2017 (Unaudited)	**31 March 2016 (Audited)**
	RMB'000	**RMB'000**
Amortisation of intangible assets	3,498	3,442
Depreciation of property, plant and equipment	3,911	3,304
Foreign exchange (gain)/loss, net	(387)	146
Interest expense	808	1,022
Interest income	(3,521)	(3,978)
Inventories written-off	2,472	-
Gain on transfer of leased farmland	-	(1,464)
Loss on disposal of property, plant and equipment	5,562	-
Property, plant and equipment written-off	-	2,858
Research and development expenses	285	17,790
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 March 2017 (Unaudited) RMB'000	31 March 2016 (Audited) RMB'000	31 March 2017 (Unaudited) RMB'000	31 March 2016 (Audited) RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	106,013	93,187	-	-
Intangible assets	42,686	46,184	-	-
Other receivables, non-current	11,312	15,887	-	-
Other assets, non-current	69,535	560	-	-
Investment in subsidiaries	-	-	803,636	803,636
Total non-current assets	229,546	155,818	803,636	803,636
Current assets				
Inventories	-	6,521	-	-
Trade and other receivables	14,861	25,822	12,577	-
Other assets, current	10,489	15,911	148	-
Cash and cash equivalents	145,098	184,122	946	1
Total current assets	170,448	232,376	13,671	1
Total assets	399,994	388,194	817,307	803,637
EQUITY AND LIABILITIES				
Equity				
Share capital	113,154	88,109	812,578	787,533
Retained earnings / (accumulated losses)	213,288	202,950	(44,605)	(37,188)
Other reserves	40,048	26,024	46,163	42,948
Total equity	366,490	317,083	814,136	793,293
Non-current liability				
Deferred tax liability	451	362	-	-
Total non-current liability	451	362	-	-
Current liabilities				
Income tax payable	-	7,226	-	-
Trade and other payables	19,612	48,963	3,171	10,344
Other financial liabilities	13,441	13,000	-	-
Other liabilities	-	1,560	-	-
Total current liabilities	33,053	70,749	3,171	10,344
Total liabilities	33,504	71,111	3,171	10,344
Total equity and liabilities	399,994	388,194	817,307	803,637

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 March 2017 (Unaudited)		As at 31 March 2016 (Audited)	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
9,800	3,000	10,000	3,000

Amount repayable after one year

As at 31 March 2017 (Unaudited)		As at 31 March 2016 (Audited)	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	-	-

Details of any collateral

The bank loan of RMB9,800,000 is secured by mortgages of a leasehold building and land use rights of the Group, and guaranteed by one of the Company's directors and his spouse.

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	
	Financial Year Ended	
	31 March 2017 (Unaudited) RMB´000	31 March 2016 (Audited) RMB´000
Cash flows from operating activities		
Profit before income tax	31,957	46,154
Interest income	(3,521)	(3,978)
Interest expense	808	1,022
Depreciation of property, plant and equipment	3,911	3,304
Loss on disposal of property, plant and equipment	5,562	-
Property, plant and equipment written-off	-	2,858
Amortisation of intangible assets	3,498	3,442
Inventories written-off	2,472	-
Gain on transfer of leased farmland	-	(1,464)
Impairment of goodwill	-	36,660
RTO professional fees settled by shares	-	28,064
Exchange differences on translating functional to presentation currency	(30)	278
Operating cash flows before changes in working capital	**44,657**	**116,340**
Inventories	4,049	(1,007)
Trade and other receivables	18,517	(5,408)
Other assets	8,290	(7,286)
Trade and other payables	(29,289)	14,200
Other liabilities	(1,560)	(1,200)
Net cash flows from operations	44,664	115,639
Income taxes paid	(25,530)	(32,846)
Net cash flows from operating activities	**19,134**	**82,793**
Cash flows from investing activities		
Purchase of property, plant and equipment	(26,231)	(18,183)
Advance payment for supplies of sweet potatoes	(63,833)	-
Acquisition of intangible assets	-	(338)
Refund of payment for land use rights	-	4,127
Net cash flows from RTO	-	1
Repayment of payable to director/shareholder	-	(15,000)
Interest income received	542	479
Proceeds from disposal of property, plant and equipment	3,932	-
Net cash flows used in investing activities	(85,590)	(28,914)
Cash flows from financing activities		
Proceed of convertible loan	-	8,927
Proceed of issuance of shares and free warrants	27,051	-
Proceed of conversion of warrants	810	-
Proceed of new bank loan	12,800	13,000

Repayment of bank loan	(13,000)	(13,000)
Proceeds of loan from director/shareholder	641	1,131
Repayment of payable to director/shareholder	(62)	(64)
Other payable to director/shareholder	-	62
Interest expense paid	(808)	(1,022)
Net cash flows from financing activities	27,432	9,034
Net change in cash and cash equivalents	(39,024)	62,913
Cash and cash equivalents at beginning of financial year	184,122	121,209
Cash and cash equivalents at end of the financial year	145,098	184,122

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 RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 April 2016	88,109	26,024	202,950	317,083
Total comprehensive (loss)/income	-	(29)	21,575	21,546
Issuance of new shares	24,978	-	-	24,978
Issuance of warrants	-	2,844	-	2,844
Conversion of warrants	810	(28)	-	782
Expenses on issuance of new shares	(743)	-	-	(743)
Transfer to other reserves	-	11,237	(11,237)	-
Balance as at 31 March 2017	113,154	40,048	213,288	366,490
Balance at 1 April 2015	5	11,439	200,983	212,427
Total comprehensive income	-	249	16,303	16,552
Issuance of new shares	24,362	-	-	24,362
Issuance of consideration shares pursuant to the RTO	36,661	-	-	36,661
RTO professional fees paid in shares	28,064	-	-	28,064
Expenses on issuance of new shares	(983)	-	-	(983)
Transfer to other reserves	-	14,336	(14,336)	-
Balance as at 31 March 2016	88,109	26,024	202,950	317,083

Company

	Share capital RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1 April 2016	787,533	42,948	(37,188)	793,293
Total comprehensive income/(loss)	-	399	(7,417)	(7,018)
Issuance of new shares	24,978	-	-	24,978
Issuance of warrants	-	2,844	-	2,844
Conversion of warrants	810	(28)	-	782
Expenses on issuance of new shares	(743)	-	-	(743)
Balance as at 31 March 2017	812,578	46,163	(44,605)	814,136
Balance at 1 July 2015	28,834	(19)	(10,006)	18,809
Total comprehensive income/(loss)	-	42,967	(39,385)	3,582
Capital reduction	(28,834)	-	12,203	(16,631)
Issuance of consideration shares pursuant to the RTO	760,452	-	-	760,452
RTO professional fees paid in shares	28,064	-	-	28,064
Expenses on issuance of new shares	(983)	-	-	(983)
Balance as at 31 March 2016	787,533	42,948	(37,188)	793,293

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 the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

There were no changes in the issued share capital of the Company since 31 December 2016 to 31 March 2017.

There were 50,000,000 warrants outstanding as at 31 March 2017 (31 March 2016: Nil), each warrant carries with the right to subscribe for one new share at the exercise price of S$0.33.

Save for the above, the Company does not have any outstanding options, convertibles, treasury shares and subsidiary holdings as at 31 March 2017 and 31 March 2016. Accordingly, the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding is 0 % as at 31 March 2017 and 31 March 2016.

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 March 2017	As at 31 March 2016
Total number of issued shares	256,909,000	231,159,000

The Company did not have any treasury shares as at 31 March 2017 and 31 March 2016.

1(d)(iv) A statement showing all sales, transfers, 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 year reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial year 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 financial year are consistent with those in the most recently audited consolidated financial statements for the financial year ended 31 March 2016 as set out in the Company's annual report 2016.

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 Singapore Financial Reporting Standards ("**FRS**") and the related Interpretations to FRS ("**INT FRS**") that are relevant to its operation and effective for the accounting periods beginning on or after 1 April 2016. 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 year.

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	
	Financial Year Ended	
Earnings per share ("EPS")	**31 March 2017 (Unaudited)**	**31 March 2016 (Audited)**
Profit for the year (RMB'000)	21,575	16,303
Weighted average number of ordinary shares in issue (in thousands)	255,660[(2)]	221,072[(1)]
Basic EPS (RMB cents)	8.44	7.37
Weighted average number of ordinary shares in issue on fully diluted basis (in thousands)	305,660[(4)]	221,072[(3)]
Fully diluted EPS (RMB cents)	7.06	7.37

Notes:

(1) Adjusted for share consolidation exercise completed on 22 December 2015.

(2) Adjusted for the issuance of 25,250,000 new ordinary shares from the completion of compliance placement on 18 April 2016 ("**Compliance Placement**") and the issuance of 500,000 new ordinary shares upon the exercise of 500,000 warrants ("**Warrants Conversion**").

(3) The weighted average number of ordinary shares in issue on basic and fully diluted basis were the same as there were no potentially dilutive ordinary shares in issue as at 31 March 2016.

(4) Adjusted for the Compliance Placement, Warrants Conversion and the remaining 50,000,000 outstanding warrants fully exercised and converted into 50,000,000 new ordinary shares.

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

	Group		Company	
Net asset value ("NAV")	**31 March 2017 (Unaudited)**	**31 March 2016 (Audited)**	**31 March 2017 (Unaudited)**	**31 March 2016 (Audited)**
NAV (RMB'000)	366,490	317,083	814,136	793,293
Number of ordinary shares in issue (in thousands)	256,909	231,159	256,909	231,159
NAV per ordinary share (RMB)	1.43	1.37	3.17	3.43

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 financial year ended 31 March 2017 ("FY2017") as compared to the financial year ended 31 March 2016 ("FY2016").

Consolidated Statement of Comprehensive Income

Revenue

The decrease in revenue by approximately RMB 78.2 million or 16.6%, was mainly attributable to a decrease in sales from baked goods, pastries, roasted sweet potato nuts, preserved foods and crisps as a result of the closure of two of the Group's factories since the end of January 2017 following the local government general directive to tighten the pollution control requirements (the "**Factories Closure**") (Please refer to Paragraph 10 of the Group's unaudited financial statements for the three months ended 31 December 2016 for further details on the said closure).

Gross profit

Gross profit decreased by approximately RMB 50.6 million or 24.2% on the back of the decrease in revenue.

Gross profit margin decreased from 44.3% in FY2016 to 40.3% in FY2017 mainly attributable to higher cost of sales as a result of the direct sales promotional activities in FY2017.

Marketing and distribution costs

Marketing and distribution costs increased by RMB 21.3 million or 38.2% due primarily to an increase in advertisement costs of RMB 33.3 million, partially offset by the decrease in indirect sales promotional expenses, delivery charges and sales personnel salaries and bonuses which were in line with the decrease in revenue. Notwithstanding the production halt at the new factory as announced on 11 May 2017, the Group felt that an increase in advertisement activities was in line with its marketing strategy to continue promoting brand awareness so as to increase its' market share in an increasingly competitive market.

Other losses

Other losses totaled RMB 12.3 million in FY2017 compared with RMB 2.9 million in FY2016. It comprised mainly a loss on disposal of property, plant and equipment of RMB 5.6 million, write-off of obsolete packaging materials of RMB 2.5 million and additional expenses of RMB 4.2 million relating to VAT on promotional sales items that are not claimable.

Other expenses

Other expenses of RMB 70.6 million in FY2016 comprised goodwill written off and RTO expenses of RMB 36.7 million and RMB 33.9 million respectively. These other expenses did not recur in FY2017.

Consolidated Statement of Financial Position

The comparative performance for both assets and liabilities are based on the Group's financial statements as at 31 March 2017 and 31 March 2016.

Non-current assets

The increase in property, plant and equipment of RMB 12.8 million mainly arose from the purchase of new production equipment and the construction work-in-progress for the new Zilaohu factory and office building in Liancheng County, People's Republic of China ("**PRC**"). Old equipment arising from the Factories Closure with net book values totalling RMB 9.32 million were disposed during the year under review, with a loss on disposal of RMB 5.39 million recognised.

Intangible assets decreased by RMB 3.5 million was mainly due to the amortisation during the year under review.

The increase in other assets (non-current) of RMB 69.0 million was mainly due to:

(i) Advance payments of RMB 63.0 million for the supplies of sweet potatoes. In line with the Group's current strategy to better control the source, pricing and quality of fresh sweet potatoes, a key raw material for the Group's products, the Group has been undergoing negotiations to secure the use of up to 8,000 mu of farmland from local cooperatives for the planting of sweet potatoes over a 15 years period. To better manage its cash flows following the Factories Closure, the Group has made the said advance payments to secure the use of 4,300 mu of farmland and a discounted minimum supply of sweet potatoes from local cooperatives for 15 years where RMB 107 million is payable every five-year.

(ii) deferred tax assets of RMB 5.4 million arising from timing differences in claiming tax deductions of expenses in a PRC subsidiary.

Current assets

Inventories as of 31 March 2017 were *nil* as there were no production following the Factories Closure.

Trade and other receivables decreased by RMB 11.0 million mainly due to lower revenue in the last quarter of FY2017 as a result of the Factories Closure.

Current liabilities

There was no income tax payable in the last quarter of FY2017 as the Group incurred a loss in the last quarter of FY2017 due to Factories Closure.

Trade and other payables decreased by RMB 29.4 million mainly due to the reduced purchase of raw materials which is in line with lower revenue in last quarter of FY2017 as a result of Factories Closure.

Other liabilities decreased by RMB 1.6 million due to no advances for sales orders placed by the customers as a result of the Factories Closure.

Consolidated Statement of Cash Flow

Net cash from operating activities of RMB 19.1 million in FY2017 as compared to net cash from operating activities of RMB 82.8 million in FY2016 was mainly due to lower operating profit before tax in FY2017.

Net cash used in investing activities of RMB 85.6 million in FY2017 as compared to net cash used in investing activities of RMB 28.9 million in FY2016 was mainly due to purchase of property, plant and equipment (including increase in construction-in-progress) of RMB 26.2 million and advance payment for supplies of sweet potatoes of RMB 63.8 million in FY2017.

Net cash from financing activities of RMB 27.4 million in FY2017 as compared to net cash from financing activities of RMB 9.0 million in FY2016 was mainly attributable to the proceeds from issuance of new shares and warrants.

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

The Group's unaudited FY2017 results presented herein are in line with the forecast given in Paragraph 10 of the Group's third quarter results previously announced on 13 February 2017.

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.

Operations

The Chinese central government is increasing its efforts in dealing with the multitude of environmental related issues and has been relentlessly enforcing nationwide policies on environmental control. Under the central government's directives, the Chinese provincial governments are intensifying their own efforts to regulate and curb industrial activities which do not meet environmental safety standard.

The Group's Zilaohu factory was granted its operating license on 13 March 2017 and was scheduled to commence production in April 2017. However as announced on 11 May 2017, the Company received an order from the Lian Cheng government to halt its production operations. The Lian Cheng government also stipulates that the commercial production could only commence after the completion of Lian Cheng County's centralized waste water treatment facility. The waste water treatment facility is expected to complete by the third quarter of 2017 based on the scheduled timeline provided by the awarded contractor. As such, the Group expects its revenues and profits to be substantially impacted due to halt in production of finished goods for sale.

Outlook

The Management noted that implementation of the stringent pollution control rules and regulations by the Chinese government have impacted our competitors within the same industry as well. The Group is confident that it will emerge stronger, more resilient in our operations as it further consolidates its market-leading position, since many of the smaller competitors would exit the industry after this round of regulatory shake up.

As the construction of centralized waste water treatment plant is being exclusively handled by a third party independent contractor appointed by the Lian Cheng County government, the Group cautions that it has no control over the construction progress of the waste water treatment plant and there is no assurance and certainty that the plant's completion date will be by the third quarter of 2017 based on the scheduled timeline provided by the awarded contractor.

However, the Group has a healthy cash reserve and has arranged for standby credit facilities to tide over these difficult times. The Group is also exploring direct sales of its committed raw sweet potato supply, which are obtained at a lower cost compared to the market, to other demand sources e.g. supermarket, to generate interim sales and profits and to offset its operating expenses, should the current production halt continue for an extended period.

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 year 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 FY2017.

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.

Save for the rental expense paid to Liancheng Tianhe Food Factory (连城天合食品厂) amounting to RMB 1,484,000 in FY2017, details of which are set out in the Company's circular to shareholders dated 26 June 2015, there were no other interested person transactions entered into by the Group in FY2017.

14. Use of Proceeds

As at the date of this announcement, the Company raised S$165,000 from the conversion of warrants ("**Warrant Proceeds**"). The status on the use of Warrant Proceeds is as follows:

Use of Warrant Proceeds	**Maximum Amount to be allocated (S$'000)**	**Amount Raised (S$'000)**	**Amount utilised (S$'000)**	**Balance (S$'000)**
Expansion of production capacity including the purchase of plant, machinery and equipment for the new factory and office building of Fujian Zixin	14,665	-	-	-
General working capital	2,000	165	-	165
Total	16,665[(1)]	165	-	165

Note:

(1) Based on the maximum proceeds arising from the fully exercised and conversion of the 50,500,000 outstanding warrants at an exercise price of S$0.33.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable. The Group only has one operating segment (sweet potatoes snack foods) and one geographical segment (PRC).

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Not applicable. The Group only has one operating segment (sweet potatoes snack foods) and one geographical segment (PRC).

18. A breakdown of sales as follows:

	Group		
	FY2017 RMB'000	**FY2016 RMB'000**	**Increase / (Decrease) %**
(a) Sales reported for first half year	244,235	221,099	10.5
(b) Operating profit /(loss) after tax before deducting minority interests reported for first half year	38,875	(26,047)	n.m
(c) Sales reported for second half year	148,487	249,808	(40.6)
(d) Operating (loss)/profit after tax before deducting minority interests reported for second half year	(17,300)	42,350	n.m

n.m. – not meaningful

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

Not applicable. No dividend has been declared or recommended for FY2017 and FY2016.

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Lin Zhigong	38	Brother-in-law of Liang Chengwang (Executive Chairman and Chief Executive Officer)	Vice general manager and supervisor of Fujian Zixin (福建紫心生物薯業有限公司) and a director of Fujian Zilaohu (福建紫老虎食品有限公司), Liancheng Dizhongbao (連城縣地中寶現代農業發展有限公司) and Fujian Xingpai (福建星派食品有限公司)	Not applicable

BY ORDER OF THE BOARD

Liang Chengwang
Executive Chairman and Chief Executive Officer
30 May 2017