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 Financial Year Ended 31 March 2016

*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 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 China Star Food Group Limited (formerly known as Brooke Asia Limited) for the period from 23 September 2015 to 31 March 2016.

(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 2015 ("**FY2015**") refer to the results of the CSFH Group from 1 April 2014 to 31 March 2015.

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

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

(v) The Company's statement of financial position as at 31 March 2016 and the statement of changes in equity for the FY2016 refer to that of China Star Food Group Limited (formerly known as Brooke Asia Limited).

(vi) The Company's statement of financial position as at 30 June 2015 and the statement of changes in equity for the financial year ended 30 June 2015 refer to that of China Star Food Group Limited (formerly known as Brooke Asia Limited) prior to the RTO.

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		
	Full Year Ended		
	31 March 2016 RMB'000	31 March 2015 RMB'000	Change %
Revenue	470,907	418,865	12.4
Cost of sales	(262,089)	(245,548)	6.7
Gross profit	208,818	173,317	20.5
Other items of income			
Interest income	3,978	292	n.m.
Other income	245	61	n.m.
Other gain	1,464	-	n.m.
Other items of expense			
Marketing and distribution costs	(55,895)	(34,996)	59.7
Administrative expenses	(38,143)	(13,175)	189.5
Finance costs	(1,022)	(709)	44.1
Other operating expenses	(401)	(2)	n.m.
Other losses	(2,858)	(43)	n.m.
Profit from operation	116,186	124,745	(6.9)
Non-operating expenses	(70,554)	-	n.m.
Profit before income tax	45,632	124,745	(63.4)
Income tax expense	(29,851)	(31,316)	(4.7)
Profit for the year, net of tax	15,781	93,429	(83.1)
Other comprehensive income			
Items that will or may be reclassified subsequently to profit or loss			
Foreign currency translation differences, net of tax	249	1,325	(81.2)
Total comprehensive income for the year	16,030	94,754	(83.1)

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:	Full Year Ended 31 March 2016 RMB'000	31 March 2015 RMB'000
Amortisation of intangible assets	3,555	330
Amortisation of leased farmland	-	2,400
Depreciation of property, plant and equipment	3,827	2,362
Foreign exchange loss, net	146	586
Interest expense	1,022	709
Interest income	(3,978)	(292)
Gain on transfer of leased farmland	(1,464)	-
Property, plant and equipment written-off	2,858	43
Research and development expenses	17,790	4,046
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 2016 RMB'000	31 March 2015 RMB'000	31 March 2016 RMB'000	30 June 2015 RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	92,665	81,166	-	611
Intangible assets	46,184	9,093	-	-
Other receivables, non-current	15,887	-	-	-
Other assets, non-current	560	64,500	-	-
Investment in subsidiaries	-	-	803,636	-
Total non-current assets	155,296	154,759	803,636	611
Current assets				
Inventories	6,521	5,514	-	-
Trade and other receivables	25,822	11,160	-	1,303
Other assets, current	15,911	10,169	-	-
Cash and cash equivalents	184,122	121,209	1	19,917
Total current assets	232,376	148,052	1	21,220
Total assets	387,672	302,811	803,637	21,831
EQUITY AND LIABILITIES				
Equity				
Share capital	88,109	5	787,533	28,834
Retained earnings / (accumulated losses)	202,428	200,983	(37,177)	(10,006)
Other reserves	26,024	11,439	42,937	(19)
Total equity	316,561	212,427	793,293	18,809
Non-current liability				
Deferred tax liability	362	-	-	-
Total non-current liability	362	-	-	-
Current liabilities				
Income tax payable	7,226	10,584	-	-
Trade and other payables	48,963	49,764	10,344	3,022
Other financial liabilities	13,000	27,276	-	-
Other liabilities	1,560	2,760	-	-
Total current liabilities	70,749	90,384	10,344	3,022
Total liabilities	71,111	90,384	10,344	3,022
Total equity and liabilities	387,672	302,811	803,637	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 March 2016		As at 31 March 2015*	
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 RMB 14,276,000.*

Amount repayable after one year

As at 31 March 2016		As at 31 March 2015	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	-	-

Details of any collateral

The bank loan of RMB 10,000,000 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	
	Full Year Ended	
	31 March 2016	31 March 2015
	RMB´000	RMB´000
Cash flows from operating activities		
Profit before income tax	45,632	124,745
Interest income	(3,978)	(292)
Interest expense	1,022	709
Depreciation of property, plant and equipment	3,827	2,362
Property, plant and equipment written-off	2,858	43
Amortisation of intangible assets	3,555	330
Amortisation of leased farmland	-	2,400
Gain on transfer of leased farmland	(1,464)	-
Goodwill written-off	36,660	-
RTO professional fees paid in shares	28,064	-
Exchange differences on translating functional to presentation currency	277	1,325
Operating cash flows before changes in working capital	**116,453**	**131,622**
Inventories	(1,007)	27,160
Trade and other receivables	(8,907)	9,958
Other assets	(7,399)	(7,626)
Trade and other payables	14,200	21,445
Other liabilities	(1,200)	2,720
Net cash flows from operations	112,140	185,279
Income taxes paid	(32,846)	(33,600)
Net cash flows from operating activities	**79,294**	**151,679**
Cash flows from investing activities		
Purchase of property, plant and equipment	(18,183)	(69,858)
Advance payment for land use rights	-	(31,500)
Acquisition of intangible assets	(338)	-
Refund of payment for land use rights	4,127	-
Cash inflow from RTO	1	-
Payment for acquisition of subsidiaries	(15,064)	-
Interest income received	3,978	292
Net cash flows used in investing activities	(25,479)	(101,066)
Cash flows from financing activities		
Proceed of convertible loan	8,927	-
Proceed of new bank loan	13,000	13,000
Repayment of bank loan	(13,000)	(5,150)
Proceeds of loan from directors	1,193	14,276
Interest expense paid	(1,022)	(709)
Adjustment pursuant to restructuring exercise	-	(15,000)
Net cash flows from financing activities	9,098	6,417

Net change in cash and cash equivalents	62,913	57,030
Cash and cash equivalents at beginning of financial year	121,209	64,179
Cash and cash equivalents at end of the financial year	184,122	121,209

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 2015	5	11,439	200,983	212,427
Total comprehensive income	-	249	15,781	16,030
Issuance of new shares	24,363	-	-	24,363
Issuance of consideration shares pursuant to the RTO	36,660	-	-	36,660
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	202,428	316,561
Balance at 1 April 2014	5	20,278	112,390	132,673
Total comprehensive income	-	1,325	93,429	94,754
Elimination of merger reserve arising from restructuring exercise	-	(15,000)	-	(15,000)
Transfer to other reserves	-	4,836	(4,836)	-
Balance as at 31 March 2015	5	11,439	200,983	212,427

Company

	Share capital RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1 April 2015	28,834	(19)	(10,006)	18,809
Total comprehensive income/(loss)	-	42,956	(39,386)	3,570
Capital reduction	(28,834)	-	12,195	(16,639)
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)
Currency translation differences	-	-	20	20
Balance as at 31 March 2016	787,533	42,937	(37,177)	793,293
Balance at 1 July 2014	28,834	(3,402)	(1,022)	24,410
Total comprehensive loss	-	-	(5,582)	(5,582)
Effect of change in functional currency	-	3,383	(3,402)	(19)
Balance as at 30 June 2015	28,834	(19)	(10,006)	18,809

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.

There were no changes in the issued share capital of the Company since 31 December 2015 to 31 March 2016.

The Company did not have any outstanding options, convertibles or treasury shares as at 31 March 2016 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 March 2016	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 March 2016 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 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 of the CSFH Group for the financial year ended 31 March 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 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	
	Full Year Ended	
Earnings per share ("EPS")	**31 March 2016**	**31 March 2015**
Profit for the year (RMB'000)	15,781	93,429
Weighted average number of ordinary shares in issue[(1)] (in thousand)	221,072	210,000
Basic EPS (RMB cents)	7.14	44.49
Fully diluted EPS[(2)] (RMB cents)	7.14	44.49

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

	Group	
	Full Year Ended 31 March 2016	**Full Year Ended 31 March 2015**
Profit for the year (RMB'000)	15,781	93,429
Adjusting for non-recurring items:		
- Goodwill written off (RM'000)	36,660	-
- RTO expenses (RMB'000)	33,894	-
Profit for the year after adjusting for non-recurring items (RMB'000)	86,335	93,429
Basic EPS[(1)] (RMB cents)	39.05	44.49
Fully diluted EPS[(1)(2)] (RMB cents)	39.05	44.49

Note:

(1) The weighted average number of ordinary shares has been adjusted for share consolidation exercise completed on 22 December 2015 ("**Share Consolidation**").

(2) The basic and fully diluted EPS were the same as there were no potentially dilutive ordinary shares in issue as at 31 March 2016 and 31 March 2015.

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 2016**	**31 March 2015**	**31 March 2016**	**30 June 2015**
NAV (RMB'000)	316,561	212,427	793,293	18,809
Number of ordinary shares in issue[(1)] (in thousand)	231,159	231,159[(2)]	231,159	13,409
NAV per ordinary share (RMB cents)	136.95	91.90	343.18	140.27

Note:

(1) The number of ordinary shares in issue has been adjusted for Share Consolidation.

(2) For comparison purpose, the NAV per share of the Group as at 31 March 2015 is computed based on total number of ordinary shares in issue as at the date of 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 full year ended 31 March 2016 ("FY2016") as compared to the full year ended 31 March 2015 ("FY2015").

Consolidated Statement of Comprehensive Income

Revenue

The Group's revenue breakdown by product categories was as follows:

Revenue by product category	FY2016 (RMB'000)	FY2015 (RMB'000)	% change
Preserved foods	48,670	42,150	15.5
Crisps	37,320	32,252	15.7
Candies	148,906	100,095	48.8
Baked goods	132,062	123,201	7.2
Pastries	63,184	77,162	(18.1)
Roasted sweet potato nuts	40,765	44,005	(7.4)
Total revenue	470,907	418,865	12.4

The increase in revenue by approximately RMB 52.0 million or 12.4%, was mainly attributable to the increase in sales from candies, crisps, preserved foods, and baked goods as a result of the introduction of new products and revamped packaging on certain product categories. The overall increase in revenue was also attributable to the increased advertising and sales promotional events in FY2016. These increases in sales were partially offset by a decrease in sales from pastries and roasted sweet potato nuts.

Gross profit

Gross profit increased by approximately RMB 35.5 million or 20.5% was mainly attributable to the higher level of sales in the product categories which commanded higher profit margins.

The overall gross profit margin improved from 41.4% to 44.3%.

Other items of income

Interest income

Interest income has increased by approximately RMB 3.7 million due mainly to the unwinding of the finance income amounting to RMB 3.5 million which arises from the discounting of five annual repayments for the transfer of leased farmland by the Group to a sweet potatoes supplier in April 2015. Please refer to the Company's Circular to shareholders dated 26 June 2015 for further details of the transfer of leased farmland arrangement.

Other income

Other income of RMB 0.2 million in FY2016 was mainly attributable to insurance compensation for damaged inventories as a result of floods in the Liancheng County, People's Republic of China ("**PRC**").

Other gain

Other gain of RMB 1.5 million in FY2016 was mainly attributable to gain on transfer of leased farmland. 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 RMB 20.9 million or 59.7% due primarily to increase in advertisement costs (RMB 8.1 million), publicity expenses (RMB 4.9 million), sales promotional expenses (RMB 3.5 million), delivery charges (RMB 2.6 million) and exhibition expenses (RMB 1.4 million), which was in line with the Group's marketing strategy to continue stepping up brand awareness and expanding sales channels.

Administrative expenses

Administrative expenses increased by RMB 25.0 million or 189.5% were mainly due to increase in research and development costs for new products to aid future sales (RMB 13.7 million), amortisation of intangible assets (RMB 3.4 million), administrative staff salaries (RMB 1.7 million), audit fees (RMB 1.5 million), depreciation of property, plant and equipment (RMB 1.4 million), and staff welfare (RMB 0.7 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 (please refer to the Company's Circular to shareholders dated 26 June 2015 for further details of the transfer of leased farmland arrangement) and completion of certain construction-in-progress and purchase of new production equipment respectively.

Finance costs

Finance costs increased by RMB 0.3 million or 44.1% were due to higher interest rate on bank loans in FY2016.

Other operating expenses

Other operating expenses increased by RMB 0.4 million were mainly due to charitable donations of RMB 0.3 million.

Other losses

Other losses increased by RMB 2.8 million were due to written-off of property, plant and equipment damaged by a flood in Liancheng, PRC in FY2016.

Non-operating expenses

Non-operating expenses comprised goodwill written off and RTO expenses of RMB 36.7 million and RMB 33.9 million respectively. These non-operating expenses were non-recurring in nature.

Income tax expense

Income tax expense comprised income tax expense and deferred income tax of RMB 29.5 million and RMB 0.4 million respectively. The decrease in income tax expense of approximately RMB 1.5 million or 4.7% 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 March 2016 and 31 March 2015.

Non-current assets

The increase in property, plant and equipment of RMB 11.5 million mainly arose from the construction work-in-progress for the new factory and office building in Liancheng county, PRC, which was partially offset by the depreciation and written-off of property, plant and equipment.

Intangible assets increased by RMB 37.1 million was mainly due to (i) the recognition of intangible assets as a result of the agreed purchase discount given by a supplier to the Group arising from the transfer of leased farmland to this supplier amounting to RMB 12.8 million (please refer to the Company's Circular to shareholders dated 26 June 2015 for further details of the transfer of leased farmland arrangement); and (ii) the acquisition of land use rights amounting to RMB 27.7 million. This increase was partially offset by the amortisation of these intangible assets.

Other receivables (non-current) of RMB 15.9 million relate to the receivables arising from the transfer of leased farmland (please refer to the Company's Circular to shareholders dated 26 June 2015 for further details of the transfer of leased farmland arrangement).

The decrease in other assets (non-current) of RMB 63.9 million was mainly due to the transfer of leased farmland to other receivables (non-current) (please refer to the Company's Circular to shareholders dated 26 June 2015 for further details of the transfer of leased farmland arrangement) and transfer of advance payment for acquisition of land use rights to intangible assets.

Current assets

Inventories increased by RMB 1.0 million mainly due to bulk purchase of packaging materials at preferential discount in FY2016.

Trade and other receivables increased by RMB 14.7 million due to (i) an increase in trade receivables of RMB 5.8 million as a result of extended credit terms given to our major customers with effect from January 2016 to remain competitive within the industry; and (ii) increase in other receivables of RMB 8.8 million mainly arising from the transfer of leased farmland of RMB 4.0 million (please refer to the Company's Circular to shareholders dated 26 June 2015 for further details of the transfer of leased farmland arrangement) and advance payment for purchase of production equipments amounting to RMB 4.8 million.

Other assets (current) increased by RMB 5.7 million due to increase in prepaid expenses for advertisement costs, publicity expenses and pest prevention costs.

Non-current liability

Deferred tax liability relates to withholding tax on current period distributable earnings of one of the PRC subsidiaries. Dividends declared by a PRC subsidiary to its foreign investors are subject to withholding tax in the PRC.

Current liabilities

Income tax payable as at 31 March 2016 consisted of the income tax payable for the last quarter of FY2016 as the income tax is payable on a quarterly basis. As at 31 March 2016, income tax payable has decreased by RMB 3.4 million mainly due to lower profit from operation when compared to the previous corresponding period.

Trade and other payables increased by RMB 0.8 million mainly due to the increase in trade payables of RMB 4.1 million and accrual of operating expenses of RMB 10.0 million. The increase in trade payables and accruals was mainly due to the purchase of the sweet potatoes from the leased farmland, and increase in accrual of professional fees and operating expenses of Singapore office, respectively. The increase was partially offset by the repayment of RMB 15.1 million due to a director for the acquisition of a subsidiary in the previous reporting year.

Other financial liabilities decreased by RMB 14.3 million. This was mainly due to capitalisation of loan due to a director in FY2016.

Other liabilities decreased by RMB 1.2 million mainly due to decrease in advances for sales orders placed by the customers.

Consolidated Statement of Cash Flow

Net cash from operating activities of RMB 79.3 million in FY2016 as compared to net cash from operating activities of RMB 151.7 million in FY2015 was mainly due to lower profit recorded in FY2016.

Net cash used in investing activities of RMB 25.5 million in FY2016 as compared to net cash used in investing activities of RMB 101.1 million in FY2015 was mainly due to purchase of property, plant and equipment (including increase in construction-in-progress) of RMB 18.2 million and repayment of RMB 15.1 million due to a director for the acquisition of a subsidiary in the previous reporting year. This was partially offset by the refund of payment for land use rights of RMB 4.1 million in FY2016.

Net cash from financing activities of RMB 9.1 million in FY2016 as compared to net cash from financing activities of RMB 6.4 million in FY2015 was mainly attributable to the receipts of proceeds from convertible loan in FY2016.

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 to shareholders 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 trial 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 construction of the centralised waste water treatment facilities is still undergoing as at to-date.

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 from (i) product varieties arising from continuing investment in research and development; (ii) production capacity expansion to meet the growing demand in PRC for sweet potato snack food; and (iii) sales channel expansion through greater advertising and sale and promotional activities. 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 FY2016.

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.

14. Use of IPO proceeds

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

As at the date of this announcement, the status on the use of the Net Proceeds is as follows:

Use of Net Proceeds	**Amount allocated (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	1,335	-	1,335
General working capital	2,825	-	2,825
Total	4,160	-	4,160

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		
	FY2016 RMB'000	**FY2015 RMB'000**	**Increase / (Decrease) %**
(a) Sales reported for first half year	221,099	175,260	26.2
(b) Operating (loss)/profit after tax before deducting minority interests reported for first half year	(26,047)	35,556	n.m
(c) Sales reported for second half year	249,808	243,605	2.5
(d) Operating profit after tax before deducting minority interests reported for second half year	41,828	57,873	(27.7)

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 FY2016 and FY2015.

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	37	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
26 May 2016