

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 2019**

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		Change %
	Financial Year Ended		
	31 March 2019 (Unaudited) RMB'000	31 March 2018 (Audited) RMB'000	
Revenue	357,001	221,334	61.3
Cost of sales	(255,073)	(161,462)	58.0
Gross profit	101,928	59,872	70.2
Interest income	2,303	2,790	(17.5)
Other income	1,028	70	1,368.6
Marketing and distribution costs	(22,311)	(15,025)	48.5
Administrative expenses	(38,338)	(31,109)	23.2
Other operating expenses	(474)	(170)	178.8
Finance costs	(1,326)	(1,070)	23.9
Profit before income tax	42,810	15,358	178.7
Income tax expense	(9,388)	(2,883)	225.6
Profit for the year, net of tax	33,422	12,475	167.9
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations	301	85	254.1
Total comprehensive income for the year	33,723	12,560	168.5

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

Profit for the financial year is stated after charging/(crediting) the following:	Group	
	Financial Year Ended	
	31 March 2019 (Unaudited) RMB'000	31 March 2018 (Audited) RMB'000
Amortisation of intangible assets	2,873	3,513
Depreciation of property, plant and equipment	10,224	7,222
Interest expense	1,326	1,070
Interest income	(2,303)	(2,790)
Property, plant and equipment written off	139	-

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 2019 (Unaudited) RMB'000	31 March 2018 (Audited) RMB'000	31 March 2019 (Unaudited) RMB'000	31 March 2018 (Audited) RMB'000
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	119,543	111,285	-	-
Intangible assets	37,121	39,994	-	-
Investment in subsidiaries	-	-	803,636	803,636
Other receivables, non-current	-	6,051	-	-
Other assets, non-current	196,771	81,938	-	-
Deferred tax assets	7,162	7,162	-	-
Total non-current assets	360,597	246,430	803,636	803,636
<u>Current assets</u>				
Inventories	4,074	1,720	-	-
Trade and other receivables	31,891	45,792	15,374	12,259
Other assets, current	20,761	29,059	7	193
Cash and cash equivalents	62,475	126,578	2,480	200
Total current assets	119,201	203,149	17,861	12,652
Total assets	479,798	449,579	821,497	816,288
EQUITY AND LIABILITIES				
<u>Equity</u>				
Share capital	130,362	113,154	829,785	812,578
Retained earnings/(accumulated losses)	253,299	224,599	(59,576)	(52,945)
Other reserves	46,320	41,297	46,454	45,876
Total equity	429,981	379,050	816,663	805,509
<u>Non-current liability</u>				
Deferred tax liability	451	451	-	-
Total non-current liability	451	451	-	-
<u>Current liabilities</u>				
Income tax payable	276	1,397	-	-
Trade and other payables	27,134	46,181	2,378	6,079
Other financial liabilities	21,956	22,500	2,456	4,700
Total current liabilities	49,366	70,078	4,834	10,779
Total liabilities	49,817	70,529	4,834	10,779
Total equity and liabilities	479,798	449,579	821,497	816,288

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 2019 (Unaudited)		As at 31 March 2018 (Audited)	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
9,000	12,956	9,800	12,700

Amount repayable after one year

As at 31 March 2019 (Unaudited)		As at 31 March 2018 (Audited)	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
-	-	-	-

Details of any collateral

The bank loan of RMB 9,000,000 (31 March 2018: RMB 9,800,000) is secured by (i) mortgages of a leasehold building and land use rights of a Group's subsidiary; (ii) corporate guarantee given by its holding company; and (iii) guarantee 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 2019	31 March 2018
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before income tax	42,810	15,358
Interest income	(2,303)	(2,790)
Interest expense	1,326	1,070
Depreciation of property, plant and equipment	10,224	7,222
Property, plant and equipment written-off	139	-
Amortisation of intangible assets	2,873	3,513
Exchange differences on translating functional to presentation currency	301	85
Operating cash flow before changes in working capital	55,370	24,458
Inventories	(2,354)	(1,720)
Trade and other receivables	21,649	(23,287)
Other assets	5,812	26,381
Trade and other payables	(19,047)	26,429
Net cash flows from operations	61,430	52,261
Income tax paid	(10,508)	(637)
Net cash flows from operating activities	50,922	51,624
Cash flows from investing activities		
Purchase of property, plant and equipment	(18,621)	(10,089)
Proceeds from disposal of property, plant and equipment	-	113
Advance payment for supplies of sweet potatoes	(71,500)	(67,882)
Payment for soil improvement project	(33,846)	-
Payment for land lease	(7,001)	-
Payment for property tax and stamp duty of land use rights	-	(821)
Interest income received	606	407
Net cash flows used in investing activities	(130,362)	(78,272)
Cash flows from financing activities		
Proceeds from new bank loans	21,956	17,800
Repayment of bank loans	(17,800)	(12,800)
Proceeds from issuance of new shares	14,196	-
Proceeds of loan from director and shareholder	-	4,059
Repayment of loan to director and shareholder	(1,689)	-
Increase in pledged fixed deposits	(2,456)	-
Interest expense paid	(1,326)	(931)
Net cash flows from financing activities	12,881	8,128
Net change in cash and cash equivalents	(66,559)	(18,520)
Cash and cash equivalents at beginning of financial year	126,578	145,098
Cash and cash equivalents at end of financial year (Note A)	60,019	126,578
Note A: Cash and cash equivalents at end of financial year comprise:		
Cash and bank balances	60,019	91,578
Fixed deposits	2,456	35,000
	62,475	126,578
Less: Fixed deposits pledged for bank facility	(2,456)	-
Cash and cash equivalents	60,019	126,578

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 April 2018	113,154	41,297	224,599	379,050
Total comprehensive income for the year				
Profit for the year	-	-	33,422	33,422
Other comprehensive income	-	301	-	301
Total comprehensive income for the year	-	301	33,422	33,723
Transactions with owners, recognised directly in equity				
Issuance of new shares	17,208	-	-	17,208
Transferred from retained earnings	-	4,722	(4,722)	-
Total transactions with owners	17,208	4,722	(4,722)	17,208
Balance as at 31 March 2019	130,362	46,320	253,299	429,981

Balance at 1 April 2017	113,154	40,048	213,288	366,490
Total comprehensive income for the year				
Profit for the year	-	-	12,475	12,475
Other comprehensive income	-	85	-	85
Total comprehensive income for the year	-	85	12,475	12,560
Transactions with owners, recognised directly in equity				
Transferred from retained earnings	-	1,164	(1,164)	-
Total transactions with owners	-	1,164	(1,164)	-
Balance as at 31 March 2018	113,154	41,297	224,599	379,050

Company

	Share capital (Unaudited) RMB'000	Other reserves (Unaudited) RMB'000	Accumulated losses (Unaudited) RMB'000	Total equity (Unaudited) RMB'000
Balance at 1 April 2018	812,577	45,876	(52,945)	805,508
Total comprehensive loss for the year				
Loss for the year	-	-	(6,631)	(6,631)
Total comprehensive income	-	578	-	578
Total comprehensive loss for the year	-	578	(6,631)	(6,053)
Transactions with owners, recognised directly in equity				
Issuance of new shares	17,208	-	-	17,208
Total transactions with owners	17,208	-	-	17,208
Balance as at 31 March 2019	829,785	46,454	(59,576)	816,663
Balance at 1 April 2017	812,578	46,163	(44,605)	814,136
Total comprehensive loss for the year				
Loss for the year	-	-	(8,340)	(8,340)
Other comprehensive loss	-	(287)	-	(287)
Balance as at 31 March 2018	812,578	45,876	(52,945)	805,509

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 2018 to 31 March 2019.

Save for the above, the Company does not have any outstanding options, convertibles, treasury shares and subsidiary holdings as at 31 March 2019 and 31 March 2018. Accordingly, the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding is nil% as at 31 March 2019 and 31 March 2018.

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 2019	As at 31 March 2018
Total number of issued shares	296,909,050	256,909,000

The Company did not have any treasury shares as at 31 March 2019 and 31 March 2018.

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 auditor.

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

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

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 2018 as set out in the Company's annual report 2018.

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**") in Singapore 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 2018. 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**

Earnings per share ("EPS")	Group	
	Financial Year Ended	
	31 March 2019 (Unaudited)	31 March 2018 (Audited)
Profit for the year (RMB'000)	33,422	12,475
Weighted average number of ordinary shares in issue (in thousands)	296,909	256,909
Basic EPS (RMB cents)	11.26	4.86
Weighted average number of ordinary shares in issue on fully diluted basis (in thousands)	296,909 ⁽¹⁾	256,909 ⁽²⁾
Fully diluted EPS (RMB cents)	11.26	4.86

Notes:

(1) There is no dilutive effect as the warrants had expired.

(2) There is no dilutive effect from the 50,000,000 outstanding warrants as the exercise price of the warrants is higher than the average market price of ordinary shares of the Company in FY2018.

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 March 2019 (Unaudited)	31 March 2018 (Audited)	31 March 2019 (Unaudited)	31 March 2018 (Audited)
NAV (RMB'000)	429,981	379,050	816,663	805,509
Number of ordinary shares in issue (in thousands)	296,909	256,909	296,909	256,909
NAV per ordinary share (RMB)	1.45	1.48	2.75	3.14

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 2019 ("FY2019") as compared to the financial year ended 31 March 2018 ("FY2018").

Consolidated Statement of Comprehensive Income

Revenue

The increase in revenue of approximately RMB 135.7 million or 61.3% was mainly attributable to the increase in sales from candies and crisps as a result of better market penetration from the increased effort in higher in-house production volume.

Gross profit

Gross profit increased by approximately RMB 42.1 million or 70.2% on the back of the increase in revenue.

Gross profit margin increased slightly from approximately 27.1% in FY2018 to 28.6% in FY2019 mainly due to the sales mix in FY2019 across the various product categories of the Group which commanded different profit margins.

Interest income

Interest income decreased by approximately RMB 0.5 million or 17.5% mainly due to unwinding amount of the finance income which arose from the discounting of five annual repayments for the transfer of leased farmland by the Group to a sweet potatoes supplier.

Other income

The increase in other income of approximately RMB 1.0 million in FY2019 or 1,368.6% was derived from rental income generated from an old factory that the Group had leased out to an independent third-party business partner in FY2019.

Marketing and distribution costs

Marketing and distribution costs increased by approximately RMB 7.3 million or 48.5% primarily due to an increase in: (i) delivery charges of approximately RMB 2.9 million; publicity expenses of RMB 2.6 million; (iii) employee benefits expenses for sales personnel of RMB 4.0 million; and (iv) sales and promotional expenses of RMB 0.9 million. Such increase in marketing and distribution costs was in line with change in channel management strategy adopted by the Group and increased advertisement spending in FY2019.

Administrative expenses

Administrative expenses increased by approximately RMB 7.2 million or 23.2% mainly due to an increase in ad-hoc research and development expenses for new products.

Finance costs

Finance costs increased by approximately RMB 0.3 million or 23.9% were due to higher interest rate on bank loans in FY2019.

Income tax expense

Income tax expense increased by approximately 225.6% to RMB 9.4 million in 2019. This was due to improved profits of the Group in FY2019 as compared to FY2018.

Profit for the year, net of tax

As a result of the abovementioned, the profit for the year, net of tax increased by approximately RMB20.9 million or 167.9%.

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 2019 and 31 March 2018.

Non-current assets

The increase in property, plant and equipment (“PPE”) of approximately RMB 8.3 million or 7.4% was mainly due to additions in construction work-in-progress for the Group's research and development laboratory, vacuum fryer and production facilities. There were also additions in new production equipment in FY2019. The increase was partially offset by the depreciation of PPE during the financial year.

Intangible assets reduced by approximately RMB 2.9 million or 7.2% from RMB 40.0 million as at 31 March 2018 to RMB 37.1 million as at 31 March 2019 due to amortization expense recorded in FY2019.

Other assets (non-current) of approximately RMB 196.8 million as at 31 March 2019 mainly comprise advance payments to suppliers for the three 5-year supply contracts of sweet potatoes.

Current assets

Inventories increased by approximately RMB 2.4 million from RMB 1.7 million as at 31 March 2018 to RMB 4.1 million as at 31 March 2019 due to (i) stocking of direct materials following the commencement of production at the Group's Zilaohu factory in mid-September 2017 after a halt of the Group's production activities since April 2017 (the “**Production Resumption**”); and (ii) finished goods awaiting delivery.

Trade and other receivables decreased by approximately RMB 13.9 million or 30.4% from RMB 45.8 million as at 31 March 2018 to RMB 31.9 million as at 31 March 2019 mainly due to a decrease in trade receivables as a result of successful collections from certain customers of the Group, which was partially offset by (i) an increase in trade receivables recorded in FY2019; and (ii) the increase in other receivables related to a second advance payment to a supplier of sweet potatoes.

Other assets under current assets decreased by approximately RMB 8.3 million or 28.6% from RMB 29.1 million as at 31 March 2018 to RMB 20.8 million as at 31 March 2019 mainly due to the (i) recognition of cost of sales upon the delivery of sweet potato from contracted suppliers; (ii) amortisation of prepaid research and development expenses.

Cash and cash equivalents decreased by approximately RMB 64.1 million or 50.6% mainly due to an increase in advance payments for supplies of sweet potatoes, acquisition of new PPE, publicity and advertising expenses, payment for land improvement project and payment for land lease.

Current liabilities

Trade and other payables decreased by approximately RMB 19.2 million or 41.2% from RMB 46.2 million as at 31 March 2018 to RMB 27.1 million as at 31 March 2019, mainly due to (i) higher settlement of trade payables; and (ii) higher settlement of other payables for Singapore office operations, which was partially offset by an increase in the operating costs accrual as at 31 March 2019.

Income tax payable decreased by approximately RMB 1.2 million or 80.2% from RMB 1.4 million as at 31 March 2018 to RMB 0.2 million as at 31 March 2019, which was in line with the decrease in income tax expenses as a result of lower profit before income tax of the Group in FY2018 as compared to FY2017.

Consolidated Statement of Cash Flows

The Group recorded net cash generated from operating activities of approximately RMB 50.9 million in FY2019, mainly due to the profit before income tax, adjustments for PPE depreciation and changes in working capital.

Net cash used in investing activities was approximately RMB 130.4 million mainly due to increase in advance payment for supplies of sweet potatoes, acquisition of new PPE, payment for land improvement project and payment for land lease.

Net cash from financing activities was approximately RMB 12.9 million, mainly due to the net increase in bank borrowings by the Group's subsidiary in the People's Republic of China ("PRC") during FY2019.

As a result of the above, the Group recorded a net decrease in cash and cash equivalents during FY2019 of approximately RMB 66.6 million, from RMB 126.5 million as at 31 March 2018 to RMB 60.0 million as at 31 March 2019.

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

No forecast or prospect statement has been previously disclosed.

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 operations of the Group have stabilized since the Production Resumption. Net profit has also improved in this financial year as there was lesser sub-contracting production supply and effective cost control measures in FY2019. As previously disclosed, the Group had, in September 2018, renewed a supply contract with an existing supplier which allowed for another 5 years supply of raw sweet potato from 2,000 mu of cultivated land. Further to this, the Group has to date secured raw sweet potato supply amounting to 7,600 mu, and the Group might continue to acquire new plantations.

Barring any unforeseen circumstances, the Group remains optimistic about the business outlook for the sweet potato snack food industry in China despite increased competition. The Group continues to position itself for the 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 sales promotional activities.

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 and the reason (s) for the decision.

No dividend has been declared or recommended for FY2019 in the view of the Group's current capital commitment plan.

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.

There were no IPTs of S\$100,000 and above (or equivalent) for the current financial year reported on.

14. **Use of proceeds**

As at the date of this announcement, the Company had raised S\$2,586,000 in net proceeds from the placement of 40,000,000 new ordinary shares in the Company., which was completed on 9 April 2018 (the “**Placement Proceeds**”). The status on the use of Placement Proceeds is as follows:

<u>Item</u>	<u>Amount (S\$)</u>
Net Proceeds	2,586,000
Less:	
Working capital (Corporate office expenses)	<u>(2,086,000)</u>
	500,000
Fixed deposit pledged for bank facility	<u>(500,000)</u>
Balance	<u>0</u>

The above use of proceeds is in accordance with the intended use as previously announced on 12 March 2018.

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		
	FY2019 RMB'000	FY2018 RMB'000	Increase / (Decrease) %
(a) Sales reported for first half year	174,383	17,526	895.0
(b) Operating (loss)/ profit after tax before deducting minority interests reported for first half year	22,092	(12,845)	n.m.
(c) Sales reported for second half year	182,618	203,808	(10.4)
(d) Operating profit/ (loss) after tax before deducting minority interests reported for second half year	11,330	25,320	(55.3)

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 FY2019 and FY2018.

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.**

There are no persons occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Liang Chengwang
Executive Chairman and Chief Executive Officer
29 May 2019

This announcement has been prepared by the Company and reviewed by the sponsor, Novus Corporate Finance Pte. Ltd. (the “Sponsor”) in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalyst.

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

The contact person for the Sponsor is Mr Pong Chen Yih, Chief Operating Officer, at 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.