CHINA STAR FOOD GROUP
中国之星食品集团

(Incorporated in the Republic of Singapore with Unique Entity No.: 200718683N)
Website: www.zixinshuye.com
SGX Stock Code: **42W**

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assume 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.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FIRST HALF AND FULL YEAR RESULTS

1(a)(i) A statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Six Months Ended		
	30-Sep-2020 Unaudited RMB'000	30-Sep-2019 Unaudited RMB'000	Change %
Revenue	128,472	197,793	(35.0)
Cost of sales	(98,368)	(142,026)	(30.7)
Gross profit	30,104	55,767	(46.0)
Interest income	171	787	(78.3)
Other income	579	427	35.6
Marketing and distribution costs	(18,168)	(17,906)	1.5
Administrative expenses	(22,073)	(21,517)	2.6
Other losses	(2)	(30)	(93.3)
Finance costs	(786)	(960)	(18.1)
(Loss)/Profit before income tax	(10,175)	16,569	n.m.
Income tax expense	(544)	(1,419)	(61.7)
(Loss)/Profit for the period, net of tax	(10,719)	15,150	n.m.
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	(29)	(135)	(78.5)
Total comprehensive (loss)/income for the period	(10,748)	15,015	n.m.

n.m. - not meaningful

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

Profit for the financial period is stated after charging/(crediting) the following:	Six Months Ended	
	30-Sep-2020 (Unaudited) RMB'000	30-Sep-2019 (Unaudited) RMB'000
Amortisation of intangible assets	708	1,757
Depreciation of property, plant and equipment	9,686	8,344
Interest expense	786	960
Interest income	171	787

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	
	30-Sep-2020 (Unaudited) RMB'000	31-Mar-2020 (Audited) RMB'000	30-Sep-2020 (Unaudited) RMB'000	31-Mar-2020 (Audited) RMB'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	139,588	146,638	-	-
Intangible assets	38,675	39,383	-	-
Investment in subsidiaries	-	-	803,636	803,636
Other receivables, non-current	4	4	-	-
Other assets, non-current	64,198	71,186	-	-
Deferred tax assets	7,199	7,199	-	-
Total Non-Current Assets	249,664	264,410	803,636	803,636
Current Assets				
Inventories	3,526	3,988	-	-
Trade and other receivables	27,054	26,664	33,174	33,175
Other assets, current	56,842	106,956	-	62
Cash and bank balances	144,222	71,130	80	20
Total Current Assets	231,644	208,738	33,254	33,257
Total Assets	481,308	473,148	836,890	836,893
EQUITY AND LIABILITIES				
Equity				
Share capital	152,980	152,980	852,404	852,404
Retained earnings/(accumulated losses)	228,279	238,998	(64,123)	(62,492)
Other reserves	44,006	44,035	43,475	43,459
Total Equity	425,265	436,013	831,756	833,371
Current Liabilities				
Income tax payable	1,772	226	-	-
Trade and other payables	22,971	11,409	5,134	3,522
Other financial liabilities	31,300	25,500	-	-
Total Current Liabilities	56,043	37,135	5,134	3,522
Total Liabilities	56,043	37,135	5,134	3,522
Total Equity and Liabilities	481,308	473,148	836,890	836,893

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

	As at 30-Sep-2020 (Unaudited)		As at 31-Mar-2020 (Audited)	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Amount repayable in one year or less, or on demand	25,800	5,500	15,000	10,500
Amount repayable after one year	-	-	-	-
Total borrowings	25,800	5,500	15,000	10,500

Details of any collateral

As at 30 September 2020, the Group's borrowings of RMB 25.8 million (RMB 12.0 million as at 31 March 2020) were secured by:
(i) mortgages of a leasehold building and land use rights held by a subsidiary of the Company; and
(ii) personal guarantee provided by one of the Company's directors and his spouse.

In addition to the foregoing, the Group had additional borrowings of RMB 3.0 million as at 31 March 2020, which was secured by the corporate guarantee given by its holding company.

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

	Six Months Ended	
	30-Sep-2020 (Unaudited) RMB'000	30-Sep-2019 (Unaudited) RMB'000
Cash flows from operating activities		
(Loss)/Profit before income tax	(10,174)	16,569
Interest income	(171)	(788)
Interest expense	786	960
Depreciation of property, plant and equipment	9,686	8,344
Amortisation of intangible assets	708	1,757
Exchange differences on translating functional to presentation currency	(29)	(135)
Operating cash flow before changes in working capital	**806**	**26,707**
Inventories	462	(564)
Trade and other receivables	(390)	(1,885)
Other assets	57,101	21,789
Trade and other payables	11,563	6,780
Net cash flows used in operations	**69,542**	**52,827**
Income tax refunded/(paid)	1,001	(1,831)
Net cash flows from operating activities	**70,543**	**50,996**
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,636)	(4,949)
Interest income received	171	136
Net cash flows used in investing activities	**(2,465)**	**(4,813)**
Cash flows from financing activities		
Proceeds from issuance of new shares	-	22,619
Proceeds from new borrowings	28,800	22,612
Repayment of borrowings	(23,000)	(16,500)
Increase in pledged fixed deposit	-	(122)
Interest expense paid	(786)	(960)
Net cash flows from financing activities	**5,014**	**27,649**
Net change in cash and cash equivalents	73,092	73,832
Cash and cash equivalents at beginning of financial period	71,130	60,019
Cash and cash equivalents at end of financial period	**144,222**	**133,851**
Comprising:		
Cash and cash equivalents	144,222	133,851
Fixed deposits with banks	-	2,579
Less: Fixed deposits pledged for bank facility	-	(2,579)
Cash and bank balances	**144,222**	**133,851**

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 2020	152,980	44,035	238,998	436,013
Total comprehensive loss for the year				
Loss for the year	-	-	(10,719)	(10,719)
Other comprehensive loss	-	(29)	-	(29)
Total comprehensive loss for the year	-	(29)	(10,719)	(10,748)
Balance as at 30 September 2020	152,980	44,006	228,279	425,265
Balance at 1 April 2019	130,362	46,320	243,552	420,234
Total comprehensive (loss)/income for the year				
Profit for the year	-	-	15,150	15,150
Other comprehensive loss	-	(135)	-	(135)
Total comprehensive (loss)/income for the year	-	(135)	15,150	15,015
Transactions with owners, recognised directly in equity				
Issuance of new shares pursuant to rights issue	22,618	-	-	22,618
Total transactions with owners	22,618	-	-	22,618
Balance as at 30 September 2019	152,980	46,185	258,702	457,867

Company

	Share capital (Unaudited) RMB'000	Other reserves (Unaudited) RMB'000	Retained earnings (Unaudited) RMB'000	Total equity (Unaudited) RMB'000
Balance at 1 April 2020	852,404	43,459	(62,492)	833,371
Total comprehensive income/(loss) for the year				
Loss for the year	-	-	(1,631)	(1,631)
Other comprehensive income	-	16	-	16
Total comprehensive income/(loss) for the year	-	16	(1,631)	(1,615)
Balance as at 30 September 2020	852,404	43,475	(64,123)	831,756
Balance at 1 April 2019	829,786	46,454	(59,577)	816,663
Total comprehensive loss for the year				
Loss for the year	-	-	(3,857)	(3,857)
Other comprehensive loss	-	(921)	-	(921)
Total comprehensive loss for the year	-	(921)	(3,857)	(4,778)
Transactions with owners, recognised directly in equity				
Issuance of new shares	22,618	-	-	22,618
Total transactions with owners	22,618	-	-	22,618
Balance as at 30 September 2019	852,404	47,375	(63,434)	836,345

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 March 2020 to 30 September 2020.

Save for the above, the Company does not have any outstanding options, convertibles, treasury shares and subsidiary holdings as at 30 September 2020 and 30 September 2019. 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 30 September 2020 and 30 September 2019.

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 30 September 2020	As at 31 March 2020
Total number of issued shares	593,818,100	593,818,100

The Company did not have any treasury shares as at 30 September 2020 and 31 March 2020.

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, as the Company did not have any treasury shares during and as at the end of the current financial period 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, as the Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

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

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

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

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is material uncertainty relating to going concern.

(a) Not applicable.

(b) Not applicable.

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

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those in the most recently audited consolidated financial statements for the financial year ended 31 March 2020 as set out in the Company's annual report.

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 2020. The adoption of these new and revised FRS did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

6. Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends
(a) based on the weighted average number of ordinary shares in issue; and
(b) on a fully diluted basis (detailing any adjustments made to the earnings).

Earnings per share ("EPS")	**Six Months Ended**	
	30-Sep-2020 (Unaudited)	**30-Sep-2019 (Unaudited)**
(Loss)/Profit for the period (RMB'000)	(10,719)	15,150
Weighted average number of ordinary shares in issue (in thousands)	593,818	509,450
Basic EPS (RMB cents)	(1.81)	2.97
Weighted average number of ordinary shares in issue on fully diluted basis (in thousands)	593,818	509,450
Fully diluted EPS (RMB cents)	(1.81)	2.97

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	
	30-Sep-2020 (Unaudited)	31-Mar-2020 (Audited)	30-Sep-2020 (Unaudited)	31-Mar-2020 (Audited)
NAV (RMB'000)	425,265	436,013	831,756	833,371
Number of ordinary shares in issue (in thousands)	593,818	593,818	593,818	593,818
NAV per ordinary share (RMB)	0.72	0.73	1.40	1.40

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 include a discussion of the following:

(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.

Consolidated Statement of Comprehensive Income

Revenue

The financial period ended 30 September 2020 ("**1H FY2021**") continues to be a challenging financial period for the Group as compared to the financial period ended 30 September 2019 ("**1H FY2020**"). The economic slowdown mainly as a result of prolonged impact of the COVID-19 outbreak has been weighing on the Group's financial performance as it continues to recover from the significant drop in consumer demand at the outset of the COVID-19 outbreak since February 2020. Amidst the resumption of business operations, revenue had decreased by approximately RMB 69.3 million or 35.0%, from RMB 197.8 million for 1H FY2020 to RMB 128.5 million for 1H FY2021.

Gross Profit and Gross Profit Margin

Gross profit of approximately RMB 30.1 million in 1H FY2021 was lower as compared to RMB 55.8 million in 1H FY2020. The decrease in gross profit of approximately RMB 25.7 million or 46.0% was mainly due to lower revenue recorded in 1H FY2021 as compared to 1H FY2020. The Group's gross profit margin decreased from approximately 28.2% in 1H FY2020 to 23.4% in 1H FY2021. The decrease was mainly due to higher costs resulting from lower operating efficiency, coupled with higher sales of lower margin snack product categories. The higher costs also include additional expenses incurred to comply with the local government's safety measures of ensuring a safe working environment for workers for the Group to continue operating amidst the global pandemic arising from the COVID-19 outbreak.

Interest Income

Interest income decreased by approximately RMB 0.6 million or 78.3% from RMB 0.8 million to RMB 0.2 million in 1H FY2021. This was mainly due to a non-recurring recognition of unwinding interest in 1H FY2020.

Other Income

Other income increased from RMB 0.4 million in 1H FY2020 to RMB 0.6 million in 1H FY2021. The increase was due to rental income received from third parties for renting out a factory premise.

Marketing and Distribution Costs

Marketing and distribution costs increased by approximately RMB 0.3 million or 1.5% in 1H FY2021 as compared to 1H FY2020. This marginal increase was mainly due to the deployment of resources to e-commerce and online marketing strategy adopted by the Group to complement the traditional marketing campaigns.

Administrative Expenses

Administrative expenses increased from approximately RMB 21.5 million in 1H FY2020 to RMB 22.1 million in 1H FY2021. The increase of approximately RMB 0.6 million or 2.6% was due to an increase in depreciation expenses and research and developments expenses, and was partially offset against the decrease in amortization of intangible assets, employee benefit expenses and consultancy fees recorded in 1H FY2021.

Other losses

Other losses decreased by approximately RMB 28,000 or 93.3% from approximately RMB 30,000 in 1H FY2020 to RMB 2,000 in 1H FY2021.

Finance Costs

Finance costs decreased by approximately RMB 0.2 million or 18.1% to RMB 0.8 million in 1H FY2021 as compared to 1H FY2020. The decrease was due mainly to existing debts being refinanced at lower rates, which was offset slightly by the increase in short term borrowings taken on by the Group for 1H FY2021.

Income Tax Expense

Income tax expense decreased by approximately RMB 0.9 million or 61.7% to record the income tax expenses of approximately RMB 0.5 million in 1H FY2021. The income tax expense recognized in 1H FY2021 was mainly due to the under provision of income tax expenses for FY2020.

Consolidated Statement of Financial Position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 30 September 2020 and 31 March 2020.

Non-current Assets

There was a decrease in the Group's total non-current assets of approximately RMB 14.7 million or 5.6%, from RMB 264.4 million as at 31 March 2020 to RMB 249.7 million as at 30 September 2020. This was mainly due to a decrease in other assets (non-current) of approximately RMB 7.0 million or 9.8% arising from (i) amortisation of long-term deferred expenses and (ii) decrease in advance payments to suppliers whose delivered supplies of raw sweet potatoes will be recognised and offset against the payments over the contractual period. As at 30 September 2020, other assets (non-current) amounted to approximately RMB 59.5 million, comprise mainly advance payments to suppliers for the long-term supply contracts of raw sweet potatoes.

Plant, property and equipment ("**PPE**") decreased by approximately RMB 7.1 million or 4.8%, from RMB 146.6 million as at 31 March 2020 to RMB 139.6 million as at 30 September 2020. This was due to lower additions to PPE as well as higher depreciation expense recorded on PPE in 1H FY2021.

Intangible assets decreased by approximately RMB 0.7 million or 1.8%, from RMB 39.4 million as at 31 March 2020 to RMB 38.7 million as at 30 September 2020. This was mainly due to amortisation expense recorded in 1H FY2021.

Current Assets

Trade and other receivables increased by approximately RMB 0.4 million or 1.5% from RMB 26.7 million as at 31 March 2020 to RMB 27.1 million as at 30 September 2020.

Other assets (current) decreased by approximately RMB 50.1 million or 46.9% from RMB 107.0 million as at 31 March 2020 to RMB 56.8 million as at 30 September 2020. This was mainly due to the decrease in advance payments made by the Group for the delivery of raw sweet potato supplies from contracted suppliers. The decrease is in line with the overall decrease in other assets (non-current) as a result of the advance payments to contracted suppliers being recognised and offset against the payments over the contractual period.

Cash and bank balances increased by approximately RMB 73.1 million or 102.8% as a result of proceeds from new short-term bank loans taken up by the Group and net cash flow from operating activities. Please refer to the "Consolidated Statement of Cash Flows" section below for more details on the change in cash and cash equivalents of the Group. In particular, the significant increase in the Group's cash and balances in the 1H FY2021 were mainly due to the decrease in other assets (current and non-current) which were utilised to offset against the payments to the contracted suppliers.

As a result of the above, the Group's total current assets increased by approximately RMB 22.9 million or 11.0% from RMB 208.7 million as at 31 March 2020 to RMB 231.6 million as at 30 September 2020.

The Company wishes to highlight that the free cash position at the company level as at 30 September 2020 amounted to approximately RMB 80,000. Notwithstanding, (a) Mr Liang, Executive Chairman and Chief Executive Officer, has provided an undertaking to provide financial assistance to the Company as and when the Company requires it, and (b) the Company will be assessing its options of raising additional funds from the capital markets in the event that is required. In view of the above and taking into consideration the outgoing cashflow requirements at the company level for the next 12 months, the Board is of the reasonable opinion that the Company is able to operate as a going concern and that the working capital available at the company level is sufficient for its present requirements and for the next 12 months.

Current Liabilities

Trade and other payables increased by approximately RMB 11.6 million or 101.3% from RMB 11.4 million as at 31 March 2020 to RMB 23.0 million as at 30 September 2020. This was mainly due to the decrease in settlement of trade payables to its suppliers as compared to the previous period.

Other financial liabilities increased by approximately RMB 5.8 million or 22.7% from RMB 25.5 million as at 31 March 2020 to RMB 31.3 million as at 30 September 2020. This was mainly due to the increase in short-term borrowings obtained by the Group as at 30 September 2020.

Income tax payable increased from RMB 0.2 million as at 31 March 2020 to approximately RMB 1.8 million as at 30 September 2020.

Consolidated Statement of Cash Flows

The Group recorded net cash from operating activities of approximately RMB 70.5 million in 1H FY2021 as compared to net cash from operating activities of RMB 51.0 million in 1H FY2020. This comprised of positive operating cash flow before changes in working capital of approximately RMB 0.8 million, adjusted by net working capital outflow of RMB 68.7 million and income tax refund of RMB 1.0 million.

Net cash used in investing activities amounted to approximately RMB 2.5 million in 1H FY2021 as compared to RMB 4.8 million in 1H FY2020. The decrease is mainly due to the significant reduction in the purchase of PPE.

Net cash from financing activities was approximately RMB 5.0 million in 1H FY2021 as compared to net cash from financing activities of RMB 27.7 million in 1H FY2020. This was mainly due to an increase in repayment of short-term borrowings as well as the absence of issuance of new shares pursuant to the rights issue exercise carried out in May 2019, which was partially offset by an increase in the proceeds of short-term borrowings.

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

Not applicable, as no specific forecast was previously provided.

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.

Amid the global pandemic, the Chinese economy is slowly recovering from the effects of the earlier lockdowns. However, the Group believes that consumers are likely to curtail consumption in the near term, reeling from joblessness and the uncertainties stemming from the ongoing global pandemic.

Notwithstanding the effects of the global pandemic on the Group's business operations, the Group believes that sweet potatoes will continue to be one of the popular and healthier choices amongst the staple foods in China. Leveraging on its comprehensive supply chain – from securing the supply of quality sweet potatoes from its contracted farmland, to snack food processing, and selling through entrenched retail and distribution networks as well as e-commerce online sales platform (including "live-streaming"), the Group believes that the rising awareness of health benefits would drive regular consumption of quality sweet potatoes and snack foods, which are expected to have a positive impact on the demand for the Group's products in the near term.

The Group is on track to strengthen its integrated supply chain, comprising the cultivation of quality sweet potato seedlings, infusing technological farming techniques, improving its snack foods range, raising its brand profiles, and increasing sales revenue through traditional and e-commerce platforms, to deliver sustainable growth.

The Group remains committed to deliver value to its shareholders and will update material developments as and when appropriate.

11. Dividend

If decision regarding dividend has been made:

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

No.

(b) Previous corresponding period

No.

(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.

No.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) 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 reason(s) for the decision.

No dividend has been declared or recommended for 1H FY2021 as the Group had incurred a loss net of tax for 1H FY2021. In addition, the Company had intended to fulfill the capital commitment of Fujian Zixin's registered share capital through additional capital raising exercises (the "**Fund-Raising Plans**") in financial year ended 31 March 2020, before deciding on whether the Company should declare dividends. However, this process has been delayed due to the outbreak of COVID-19 and difficult global market conditions, which has resulted in the Company having to devote all its attention to the Group's operational and business needs, while putting the Fund-Raising Plans on hold. The Board will continue observe the situation and where applicable, make the necessary announcement(s) with regard to the Fund-Raising Plans. In deciding whether dividends are to be declared, the Board will assess, among others, the Group's financial performance and position in respect of the relevant financial period.

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 Company has not obtained an IPT mandate pursuant to Rule 920(1)(a)(ii) of the Listing Manual Section B: Rules of Catalist of the SGX-ST. There was no IPT of S$100,000 and above (or equivalent) for the current financial period reported on.

14. Negative confirmation pursuant to Rule 705(5).

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for 1H FY2021 to be false or misleading in any material aspect.

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 its Directors and Executive Officers in accordance with Rule 720(1) of the Catalist Listing Rules.

By Order of the Board
China Star Food Group Limited

LIANG CHENGWANG
Executive Chairman and Chief Executive Officer

13 November 2020