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KONDE 康大

中國康大食品有限公司

CHINA KANGDA FOOD COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 834)

(Singapore Stock Code: P74)

ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2016

The board of directors (the "Board") of China Kangda Food Company Limited (the "Company") is pleased to announce its audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2016 together with the comparative figures for the previous year as follows:

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2016

		2016	2015
	Notes	***RMB'000***	*RMB'000*
Revenue	*5*	**1,262,785**	1,226,448
Cost of sales		**(1,161,209)**	(1,103,612)
Gross profit		**101,576**	122,836
Other income and other gains	*5*	**61,370**	27,752
Selling and distribution costs		**(34,648)**	(28,787)
Administrative expenses		**(49,097)**	(49,645)
Other operating expenses		**(18,870)**	(11,711)
Impairment loss on property, plant and equipment		**(11,332)**	(41,486)
Profit from operations	*6*	**48,999**	18,959

	Notes	**2016** *RMB'000*	2015 *RMB'000*
Finance costs	*7*	**(39,203)**	(38,918)
Share of loss of associate		**-**	(784)
Profit/(Loss) before taxation		**9,796**	(20,743)
Income tax expense	*8*	**(2,247)**	(5,262)
Profit/(Loss) for the year		**7,549**	(26,005)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**7,549**	(26,005)
Profit/(Loss) for the year attributable to:			
Owners of the Company		**6,295**	(28,060)
Non-controlling interests		**1,254**	2,055
		7,549	(26,005)
Total comprehensive income attributable to:			
Owners of the Company		**6,295**	(28,060)
Non-controlling interests		**1,254**	2,055
		7,549	(26,005)
Profit/(Loss) per share for profit/(loss) attributable to the owners of the Company during the year	*10*		
Basic *(RMB cents)*		**1.45**	(6.48)
Diluted *(RMB cents)*		**1.45**	(6.48)

Consolidated Statement of Financial Position
as at 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**791,703**	819,364
Prepaid premium for land leases		**116,555**	120,878
Interest in an associate		**-**	-
Goodwill		**56,778**	56,778
Biological assets		**31,435**	24,774
Available-for-sale financial assets		**-**	-
Deferred tax assets		**1,373**	1,679
Deposits for property, plant and equipment		**6,141**	-
		1,003,985	1,023,473
Current assets			
Biological assets		**47,867**	36,274
Inventories		**125,796**	176,906
Trade and bills receivables	*11*	**92,513**	64,933
Prepayments, other receivables and deposits		**71,779**	82,667
Amount due from a related party		**-**	5,924
Amount due from a former subsidiary		**686**	2,546
Pledged deposits		**102,345**	185,735
Cash and cash equivalents		**284,159**	269,648
		725,145	824,633
Current liabilities			
Trade and bills payables	*12*	**308,571**	347,836
Accrued liabilities and other payables		**119,751**	104,264
Interest-bearing bank borrowings		**529,000**	649,000
Amount due to a related party		**32,166**	-
Deferred government grants		**2,777**	2,637
Tax payables		**541**	3,296
		992,806	1,107,033
Net current liabilities		**(267,661)**	(282,400)
Total assets less current liabilities		**736,324**	741,073

	2016	2015
	RMB'000	*RMB'000*
Non-current liabilities		
Deferred government grants	**20,701**	22,120
Interest-bearing bank borrowings	**30,000**	40,000
Deferred tax liabilities	**7,090**	7,969
Total non-current liabilities	**57,791**	70,089
Net assets	**678,533**	670,984
EQUITY		
Equity attributable to the Company's owners		
- Share capital	**112,176**	112,176
- Reserves	**538,257**	531,962
	650,433	644,138
Non-controlling interests	**28,100**	26,846
Total equity	**678,533**	670,984

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2016

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on 28 April 2006. The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The principal place of business of the Company is located at No. 1, Hainan Road, Economic and Technology Development Zone, Jiaonan City, Qingdao, the People's Republic of China. The Company's shares are primary listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKEx") and the listing status in the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") was changed from primary listing to secondary listing with effect from 23 January 2017.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries (together with the Company referred as the "Group") are production and trading of food products, breeding and sale of livestock, poultry and rabbits.

The Group's operations are principally conducted in the People's Republic of China, excluding Hong Kong and Macau (the "PRC"). The financial statements are presented in Renminbi ("RMB").

2 APPLICATIONS OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

(a) Adoption of new/revised IFRSs – first effective on 1 January 2016

In the current year, the Group has applied for the first time the following new and revised standards issued by the International Accounting Standards Board ("IASB"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2016:

IFRSs (Amendments)	Annual Improvements 2012 - 2014 Cycle
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IAS 27	Equity Method in Separate Financial Statements

Amendments to IAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of IAS 1 when considering the layout and content of their financial statements.

Included in the clarifications is that an entity's share of other comprehensive income from equity accounted interests in associates is split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

The adoption of the amendments has no impact on these financial statements.

Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendments are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Group has not previously used revenue-based depreciation methods.

Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants

The amendments define bearer plants and require biological assets that meet the definition to be accounted for as property, plant and equipment in accordance with IAS 16. The agricultural produce of bearer plants remains within the scope of IAS 41. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group has no bearer plants.

Amendments to IAS 27 - Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements. The amendments are applied retrospectively in accordance with IAS 8.

The adoption of the amendments has no impact on these financial statements as the Company has not elected to apply the equity method in its separate financial statements.

(b) New/revised IFRSs that have been issued but are not yet effective

At the date of authorisation of these financial statements, the following new/revised IFRSs, potentially relevant to the Group's financial statements, have been issued but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to IAS 7	Disclosure Initiative[1]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
IFRS 9 (2014)	Financial Instruments[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
IFRS 15	Revenue from Contracts with Customers[2]
Amendments to IFRS 15	Clarification to IFRS 15 Revenue from Contracts with Customers[2]
IFRS 16	Lease[3]
IFRIC – Int 22	Foreign Currency Transactions and Advance Consideration[2]

[1] Effective for annual periods beginning on or after 1 January 2017
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019
[4] No mandatory effective date yet determined but is available for early adoption

Amendments to IAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

IFRS 9 (2014) - Financial Instruments

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at fair value through other comprehensive income. All other debt and equity instruments are measured at fair value through profit or loss.

IFRS 9 (2014) includes a new expected loss impairment model for all financial assets not measured at fair value through profit or loss replacing the incurred loss model in IAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

IFRS 9 (2014) carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 (2014) retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors’ interests in the joint venture or associate.

IFRS 15 - Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

IFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under IFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments HKFRS 15 – Revenue from Contracts with Customers (Clarifications to IFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

IFRS 16 – Leases

IFRS 16, which upon the effective date will supersede IAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Under IFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

The Group is in the process of making an assessment of the potential impact of these pronouncements in the period of initial application and the Directors anticipate that more disclosures would be made but are not yet in a position to state whether they would have material financial impact on the Group's financial statements.

3 BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with IFRSs which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the IASB, and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB. The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HK Listing Rules").

(b) Basis of measurement and going concern assumption

The financial statements have been prepared under the historical cost basis except for biological assets which are stated at fair values less cost to sell.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

In preparing the financial statements, the Directors considered the operations of the Group can continue as a going concern notwithstanding that:

1. As at 31 December 2016, the Group's current liabilities exceeded its current assets by approximately RMB268 million;

2. Amongst the total bank borrowings of approximately RMB559 million as at 31 December 2016, bank borrowings of approximately RMB529 million as at 31 December 2016 are due for repayment within one year from 31 December 2016; and

3.A bank borrowing of approximately RMB40 million are in breach of certain loan covenants.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the financial statements were prepared based on the assumption that the Group can be operated as a going concern and the Directors are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 31 December 2016, after taking into consideration of the following:

1.The Group continues to improve the operating efficiencies by improving the utilisation rate of its facilities and implement measures to tighten cost controls over various operating expenses in order to improve its profitability and to generate positive cash inflow from its operations in the future;

2.The Group is actively negotiating with the banks to seek for renewal of the outstanding bank borrowings. Subsequent to the end of the reporting period, the Group successfully renewed bank borrowings of RMB190 million upon maturity of these bank borrowings including the renewal of bank borrowings of RMB40 million that were in breach of certain loan covenants as at the end of the reporting period. The said loan covenants were removed in the renewed bank agreement. In addition, subsequent to reporting period, the Group also obtained written confirmations from several Group’s major bankers, which confirmed to renew certain bank borrowings, in aggregate of up to RMB275 million, to the Group for another year upon the maturity of the bank borrowings. All these bank borrowings will mature in 2018;

3.The Group is actively exploring the availability of alternative source of financing; and

4.Qingdao Kangda Foreign Trade Group Limited (“KD Trading Company”), which is substantially and beneficially owned by a substantial shareholder of the Company, has agreed to provide continuing financial support to the Group so as to enable the Group to continue its day-to-day operations as a going concern notwithstanding any present or future financial difficulties experienced by the Group.

The Directors of the Company believe that the aforementioned financing/business plans and operational measures will be successful, based on the continuous efforts and commitment given by the management.

Having regard to the cash flow projection of the Group, which are prepared assuming that these measures are successful, the Directors of the Company are of the opinion that, in the light of the measures taken to-date, together with the expected results of the other measures in progress, the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made in the financial statements to write down the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of such adjustments has not yet been reflected in the financial statements.

4. SEGMENT INFORMATION

Information regarding the Group's reportable segments as provided to the Directors is set out below:

	2016				
	Processed foods	Chilled and frozen rabbit meat	Chilled and frozen chicken meat	Other products	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	**730,786**	**139,802**	**232,259**	**159,938**	**1,262,785**
Reportable segment revenue	**730,786**	**139,802**	**232,259**	**159,938**	**1,262,785**
Reportable segment profit/(loss)	**60,106**	**(11,450)**	**(4,519)**	**9,751**	**53,888**
Depreciation of property, plant and equipment	**33,028**	**6,318**	**10,497**	**7,229**	**57,072**
Amortisation of prepaid premium land leases	**2,502**	**479**	**795**	**547**	**4,323**
Impairment loss on property, plant and equipment	**-**	**4,200**	**7,132**	**-**	**11,332**
Loss on disposal of property, plant and equipment	**547**	**490**	**337**	**334**	**1,708**
Write down of inventories	**-**	**3,323**	**-**	**-**	**3,323**

	2015				
	Processed foods	**Chilled and frozen rabbit meat**	**Chilled and frozen chicken meat**	**Other Products**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	696,207	158,460	240,023	131,758	1,226,448
Reportable segment revenue	696,207	158,460	240,023	131,758	1,226,448
Reportable segment profit/(loss)	84,162	(51,096)	190	15,174	48,430
Depreciation of property, plant and equipment	27,166	6,183	9,366	5,142	47,857
Amortisation of prepaid premium land leases	2,455	559	845	465	4,324
Impairment loss on property, plant and equipment	-	41,486	-	-	41,486
Loss on disposal of property, plant and equipment	-	4,133	-	-	4,133
Write down of inventories	-	2,474	-	-	2,474

A reconciliation between the reportable segment depreciation of property, plant and equipment and loss on disposal of property, plant and equipment and the Group's depreciation of property, plant and equipment and loss on disposal of property, plant and equipment, respectively is set out below:

	2016	2015
	RMB'000	*RMB'000*
Reportable depreciation of property, plant and equipment	**57,072**	47,857
Depreciation of property, plant and equipment under administrative expenses	**6,217**	7,545
Consolidated depreciation of property, plant and equipment	**63,289**	55,402
Reportable loss on disposal of property, plant and equipment	**1,708**	4,133
Loss on disposal of property, plant and equipment under other operating expenses	**6,474**	5,098
Consolidated loss on disposal of property, plant and equipment	**8,182**	9,231

A reconciliation between the reportable segment profit and the Group's profit/(loss) before taxation is set out below:

	2016	2015
	RMB'000	*RMB'000*
Reportable segment profit	**53,888**	48,430
Other income and other gains	**61,370**	27,752
Administrative expenses	**(49,097)**	(49,645)
Other operating expenses	**(17,162)**	(7,578)
Finance costs	**(39,203)**	(38,918)
Share of loss of associate	**-**	(784)
Profit/(Loss) before taxation	**9,796**	(20,743)

The following table set out information about the geographical locations of the Group's revenue from external customers. The geographical location of customers is determined based on the location at which the goods were delivered.

	2016	2015
	RMB'000	*RMB'000*
Local (Country of domicile)		
PRC	**681,817**	704,395
Japan	**289,092**	271,731
Europe #	**269,329**	222,594
Others	**22,547**	27,728
	1,262,785	1,226,448

\# Principally include Germany, France, Spain and Russia

The Group's non-current assets are solely located in the PRC.

5. REVENUE AND OTHER INCOME AND OTHER GAINS

Revenue of the Group represents the net invoiced value of goods sold, net of allowances for returns, trade discounts and value-added tax. An analysis of the Group's revenue and other income and other gains is as follows:

	2016	2015
	RMB'000	*RMB'000*
Revenue		
Sale of goods	**1,262,785**	1,226,448
Other income and other gains		
Interest income on financial assets stated at amortised cost	**11,441**	8,084
Amortisation of deferred income on government grants	**2,777**	2,637
Government grants related to income*	**1,917**	3,921
Gains arising from changes in fair value less estimated costs to sell of biological assets, net	**37,800**	7,102
Insurance claims	**3,125**	2,872
Others	**4,310**	3,136
	61,370	27,752

* *Various government grants have been received mainly from the Bureau of Industrial and Information Technology of Nong'an County (農安縣工業和信息化局) (2015: Finance Bureau of Qingdao City (青島市財政局)) for the Group's business conducted in those areas. There are no unfulfilled conditions or contingencies related to these grants.*

6. PROFIT FROM OPERATIONS

The Group's profit from operations is arrived at after charging/(crediting):

	2016	2015
	RMB'000	*RMB'000*
Cost of inventories recognised as an expense	**939,373**	983,682
Depreciation of property, plant and equipment*	**63,289**	55,402
Amortisation of prepaid premium for land leases**	**4,323**	4,324
Write down of inventories#	**3,323**	2,474
Provision for amount due from a former subsidiary^	**1,860**	-
Provision for other receivables^	**3,828**	-
Minimum lease payments under operating leases for production facilities	**16,091**	13,398
Loss on disposal of property, plant and equipment^	**8,182**	9,231
Exchange gain, net	**(1,169)**	(320)

* *Depreciation of approximately RMB56,957,000 (2015: RMB47,765,000), approximately RMB115,000 (2015: RMB91,000) and approximately RMB6,217,000 (2015: RMB7,546,000) has been charged to cost of sales, selling and distribution costs and administrative expenses, respectively, for the year ended 31 December 2016.*

** *Amortisation of prepaid premium for land leases has been charged to cost of sales for the years ended 31 December 2015 and 2016.*

\# *Write down of inventories for the year was included in cost of sales for the years ended 31 December 2015 and 2016.*

^ *Provision for amount due from a former subsidiary, provision for other receivables and loss on disposal of property, plant and equipment for the year were included in other operating expenses for the years ended 31 December 2015 and 2016.*

7. FINANCE COSTS

	2016	2015
	RMB'000	*RMB'000*
Interest charges on bank borrowings	**40,267**	42,798
Less: Amount capitalised (note)	**(1,064)**	(3,880)
	39,203	38,918

Note: Borrowing costs capitalised during the year arose from the general borrowing pool and are calculated by applying a capitalisation rate of 5.29% (2015: 5.61%) to expenditure on qualifying assets.

8. INCOME TAX EXPENSE

	2016	2015
	RMB'000	*RMB'000*
PRC corporate income tax		
Current year provision	**2,670**	5,622
Under-provision in prior years	**150**	213
	2,820	5,835
Deferred tax credit	**(573)**	(573)
Total income tax expense	**2,247**	5,262

No Hong Kong profits tax has been provided for the year ended 31 December 2016 as the Group did not derive any assessable profit arising in Hong Kong during the year (2015: Nil).

PRC corporate income tax is provided at the rates applicable to the subsidiaries in the PRC on the income for statutory reporting purpose, adjusted for income and expense items which are not assessable or deductible for income tax purposes based on existing PRC income tax regulations, practices and interpretations thereof.

Tax has not been provided by the Company as the Company did not derive any assessable profits during the year (2015: Nil).

9. DIVIDENDS

The board of Directors did not recommend any payment of dividends during the year (2015: Nil).

10. PROFIT/(LOSS) PER SHARE

The calculation of basic profit/(loss) per share is based on the profit/(loss) attributable to owners of the Company of approximately RMB6,295,000 (2015: Loss of RMB28,060,000) and on 432,948,000 (2015: 432,948,000) ordinary shares in issue during the year.

In relation to the years ended 31 December 2016 and 2015, the Company did not have any potential ordinary share. Accordingly, diluted earnings per share are the same as the basis earning per share.

11. TRADE AND BILLS RECEIVABLES

Trade and bills receivables are non-interest bearing and are generally on terms of 30 to 90 days (2015: 30 to 90 days). They are recognised at their original invoice amounts which represent their fair values at initial recognition.

The ageing analysis of trade and bills receivables based on invoice days as at the reporting dates are as follows:

	2016	2015
	RMB'000	*RMB'000*
Within 30 days	**67,985**	50,775
31 – 60 days	**15,286**	6,759
61 – 90 days	**2,699**	3,232
91 – 120 days	**1,851**	1,525
Over 120 days	**4,692**	2,642
	92,513	64,933

Before accepting any new customer, the Group will assess the potential customer's credit quality and set credit limits for that customer. Limits attributed to customers are reviewed once a year.

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly or the trade and bills receivables are written-off against the allowance account if impairment losses on that trade and bills receivables have been recorded in the allowance account previously. No allowance was made for the years ended 31 December 2016 and 2015.

The ageing analysis of trade and bills receivables that are not impaired is as follows:

	2016	2015
	RMB'000	*RMB'000*
Neither past due nor impaired	**81,723**	57,852
Not more than 3 months past due	**6,265**	4,892
3 to 6 months past due	**706**	139
6 to 12 months past due	**3,819**	2,050
	92,513	64,933

Trade and bills receivables that were neither past due nor impaired related to a wide range of customers for whom there were no recent history of default.

Trade and bills receivables that were past due but not impaired related to a number of customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The maximum exposure to credit risk for trade and bills receivables at the reporting date by geographic region is:

	2016	2015
	RMB'000	*RMB'000*
PRC	**38,682**	29,215
Japan	**13,890**	1,198
Europe	**34,560**	8,151
Others	**5,381**	26,369
	92,513	64,933

12. TRADE AND BILLS PAYABLES

Trade payables are non-interest bearing and are normally settled on terms of 60 days (2015: 60 days). Bills payables refer to payables due to third party suppliers which were guaranteed by bank for settlement in accordance to banking facilities and are non-interest bearing, secured by the pledged deposits and are normally settled on terms of 180 days (2015: 180 days).

	2016	2015
	RMB'000	*RMB'000*
Trade payables	**168,771**	156,436
Bills payables	**139,800**	191,400
	308,571	347,836

The ageing analysis of trade and bills payables based on invoice dates as at the reporting dates is as follows:

	2016	2015
	RMB'000	*RMB'000*
Within 60 days	**111,598**	167,550
61 – 90 days	**43,928**	84,145
91 – 120 days	**61,965**	35,073
Over 120 days	**91,080**	61,068
	308,571	347,836

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the fiscal year 2016 ("FY2016"), the Group recorded a profit attributable to owners of the Company amounted to approximately RMB6.3 million as compared to a loss of approximately RMB28.1 million recorded in the fiscal year 2015 ("FY2015") due to the decrease of impairment loss on property, plant and equipment which incurred from the rabbit meats business in Jilin.

In the past years, the oversupply of rabbit and chicken related products in the PRC market had negative impacts on the overall performance of the Group. In current year, the recovery of the market price of meat products have improved the Group's profitability.

<u>Chilled and Frozen Rabbit Meat</u>

In order to satisfy the increasing market demand for "free rearing" rabbits, the Group has invested in rearing "free roaming" rabbits including improving the related production and breeding facilities to comply with the European animal protection rights' requirement. This investment can increase the competitiveness of the Group and provides the Group with a good way of acquiring higher returns.

<u>Chilled and Frozen Chicken Meat and Processed Foods</u>

Through the enhancements to the Group's facilities and with its vertically integrated operation, the Group combined the advantages of the integrated supply chain to produce and sell dependable and traceable processed foods. This measure brought positive effect to the Group's consolidated financial results attributable to the shareholders.

In addition, the improvement in profitability was attributable to the effectiveness of costs management and the progressive effects of increasing level of automation and reducing manual processes. The effective cost reduction measures implemented by the Group have further significantly increased the profitability. Therefore, management believe that the profitability of the Group is continued to improve with the recovery of the industry.

SAFETY

The Group currently has its own production facilities in Jiaonan, Gaomi and Jilin. With the growing awareness on food safety, effective food control systems are essential to protect the health and safety of the consumers, particularly from those high spending customers who concern their living standards. The Group's quality management system has obtained HACCP, ISO9001 and ISO14001 certification. The Group views its ability in surveillance, monitoring and enforcement in compliance with PRC and international standards as its strength.

The Group has been continuously optimizing its biological safety, hygienic and disease prevention system. By comprehensively implementing tracing system to monitor food safety and strictly controlling each procedure in the farm-to-table continuum, the Group ensures the consumers with the provision of safe food. The Group is constantly monitoring our processing facilities by on-site inspection at breeding factories and farms to reduce the risks of disease and increase our product quality. With the commitment to healthier, safer and quality meat products, the Group has firmly strengthened our quality management and risks over every operation process ranging from purchases, breeding, production, logistics and storage to sales to ensure that the Group consistently offers quality and safe food to consumers.

POSSIBLE DISPOSAL

Reference is made to the announcements made by the Company dated 30 December 2016, 27 January 2017, 27 February 2017 and 27 March 2017 (the “Announcements”). As stated in the Announcements, the Directors were informed by two groups of shareholders, namely, Gao Sishi, Gao Yanxu, Cheng Xiutai, Zhang Qi, Kang Peiqiang and Hu Wenbo (collectively, the “Group A Vendors”), and Zensho Holdings Co., Ltd. (the “Group B Vendor”, together with the Group A Vendors, the “Potential Vendors”) that the Group A Vendors on 30 December 2016, and the Group B Vendor on 28 December 2016 (after trading hours), have separately entered into two memoranda of understanding with a potential purchaser in relation to the possible disposal. The possible disposal, if it materialises, will result in a change in control of the Company.

PROSPECT

2016 is a challenging year because of the downward pressure faced by the global economy.

Based on the understanding from management, the Group is one of 8 enterprises in the PRC which have successfully obtained the approval to export rabbit meat to overseas market. There is a growing preference for “free rearing” rabbits from its customers and the management expects the demand and selling price of "free rearing” rabbits will be higher than that of the current “cage rearing” rabbits, especially in the overseas market. Therefore, we participated in the rearing of “free rearing” rabbits and expected this strategy able to improve the overseas sales and restore the market demand for rabbit meat to normal level.

For the chicken meat and processed food products segment, the oversupply livestock by the numerous smaller chicken breeder farms caused the long-term oversupply of chicken meats in the past. Although the market price of day-old chick and feather chicken have rebounded, the Group hold the view that there is a greater price fluctuation in this industry. To maintain the profitability of the chicken meat processing industry, the Group will continue to increase its efforts in the research and development of new products that command higher profit margins.

The Group has also been optimizing and adjusting its existing business in addition to upgrading the production facilities. To diversify the Group’s businesses and broaden its revenue base, the Group will also look for opportunities to commence new business segments and develop any potential business opportunities. Going forward, the Group will continue to reduce our costs by identifying and restructuring unprofitable operations. The Group will also explore the reduction of its costs by disposing non-performing business operations to enable the Group to have sufficient cash resources to meet its present and future cash flow requirement.

OPERATING AND FINANCIAL REVIEW

REVENUE BY PRODUCTS

	FY2016	FY2015	% Change
	RMB'000	*RMB'000*	*+/(-)*
Processed food	**730,786**	696,207	5.0
Chilled and frozen rabbit meat	**139,802**	158,460	(11.8)
Chilled and frozen chicken meat	**232,259**	240,023	(3.2)
Other products	**159,938**	131,758	21.4
Total	**1,262,785**	1,226,448	3.0

Processed Food Products
The processed food product segment has been maintaining its stable operation with a suitable scale in 2016. Revenue derived from the production and sales of processed food products increased slightly by 5.0% to RMB730.8 million for FY2016 mainly due to the increase demand in the overseas market.

Chilled and Frozen Meat Products
The rabbit and chicken meat segments contributed 29.5% to the Group's total revenue for FY2016.

- Chilled and Frozen Rabbit Meat
  Since the rabbit meat segment is still facing the oversupply of rabbit meat in the PRC market, this had resulted in a decrease of demand of chilled and frozen rabbit meat.

- Chilled and Frozen Chicken Meat
  Revenue derived from the production and sales of chilled and frozen chicken meat products decreased slightly by 3.2% to RMB232.3 million for FY2016.

Other Products
Revenue derived from the production and sale of other products increased by 21.4% to RMB159.9 million in FY2016. The increase is mainly due to the increase of demand of feed and pet food products.

REVENUE BY GEOGRAPHICAL MARKETS

	FY2016	FY2015	% Change
	RMB'000	*RMB'000*	*+/(-)*
Export	**580,968**	522,053	11.3
PRC	**681,817**	704,395	(3.2)
Total	**1,262,785**	1,226,448	3.0

On a geographical basis, revenue from export sales increased by 11.3% to RMB581.0 million in FY2016. The increase in export sales was attributable mainly to the increase in demand for processed food products from Europe and Japan.

The decrease of PRC sales was attributable mainly to the decrease of sales of chilled and frozen rabbit meat in the PRC market as explained above under the "Chilled and Frozen Meat Products".

PROFITABILITY

Gross Profit and Margin

	FY2016	**FY2016**	FY2015	FY2015	Change	% Change
	RMB'000	***Margin %***	*RMB'000*	*Margin %*	*RMB'000*	*+/(-)*
Processed food	**87,018**	**11.9**	105,273	15.1	(18,255)	(17.3)
Rabbit meat	**(3,904)**	**(2.8)**	(1,758)	(1.1)	(2,146)	(122.1)
Chicken meat	**3,990**	**1.7**	1,054	0.4	2,936	278.6
Other products	**14,472**	**9.0**	18,267	13.9	(3,795)	(20.8)
Total	**101,576**	**8.0**	122,836	10.0	(21,260)	(17.3)

Due to the unsatisfactory performance of the segment of chilled and frozen rabbit and processed food, the overall gross profit margin decreased from 10.0% to 8.0% in FY2016.

Processed Food Products
Processed food products were the main profit contributor in FY2016 and due to the decrease of selling price, the gross profit margin declined from 15.1% to 11.9% in FY2016.

Chilled and Frozen Rabbit Meat
The gross profit margin of chilled and frozen rabbit meat declined from -1.1% to -2.8% in FY2016. The decline of profit margin was due to the sales of rabbit skin related products in the fourth quarter of this year. Those rabbit skin related products were accumulated as inventories in 2015 and were mostly sold at a lower price in current year.

Chilled and Frozen Chicken Meat
The chicken industry in PRC recorded its 5-year lowest average selling price in 2015. In 2016, the price of chicken meat finally reached a support level. As a result of the increase purposively in selling prices according to the market situation, the gross profit of chilled and frozen chicken meat segment increased slightly from 0.4% to 1.7% in FY2016.

Other Products
Other products are mainly pet food products, chicken and rabbit meat by-products and feeds. Due to the decrease in selling price, gross profit margin decreased from 13.9% to 9.0% in FY2016 and gross profit decreased from RMB18.3 million to RMB14.5 million.

Other Income

Other income comprised mainly government grants, gain on change in fair value of biological assets, insurance claim and interest income from financial assets amounting to RMB1.9 million, RMB37.8 million, RMB3.1 million and RMB11.4 million respectively. The rest were mainly sales of rabbit excrement as fertilizer. The increase in other income is mainly due to RMB37.8 million gains arising from changes in fair value less estimated costs to sell of biological assets during the year and as of year ended date.

Selling and Distribution Expenses
Selling and distribution expenses comprised mainly transportation costs, sales promotion expenses, salary and welfare which increased by 20.4% to approximately RMB34.6 million due to the increase of the export sales during the year.

Administrative Expenses
Administrative expenses comprised mainly staff costs, professional fees, depreciation charge, travelling expenses and other miscellaneous administrative expenses. The slight decrease in administrative expenses by 1.1% was due to the implementation of cost controls measures.

Other Operating Expenses
Other operating expenses represented miscellaneous expenses, comprising mainly impairment loss of bad debt and loss on disposal of property, plant and equipment amounting to RMB18.9 million in FY2016. The increase was due to the impairment loss of outstanding receivables from Jilin Kangda Rabbit Co., Ltd (an associate) and Chongqing Kangda Juxin Rabbit Co., Ltd (a former subsidiary) during the year.

Impairment loss on property, plant and equipment
The business related to the sale of rabbit products showed a decline and has yet to recover. The Group performed an impairment assessment on certain property, plant and equipment of this segment in accordance with the accounting policy on impairment on non-financial assets. Based on the assessment, an impairment loss of approximately RMB2.9 million was recognised in the consolidated statement of comprehensive income for FY2016. The rest was related to the impairment loss of property, plant and equipment due to the closing down a chicken farm and a rabbit farm during the year.

Finance costs
Finance costs increased slightly by 0.7% to approximately RMB39.2 million in FY2016. The borrowing is for the purpose of enhancing the production facilities and future working capital.

Taxation
Taxation decreased by 57.3% to approximately RMB2.2 million in FY2016. Under the New PRC Corporate Income Tax Law and Implementation Rules, enterprises that engage in qualifying agricultural business are eligible for certain tax benefits, including full corporate income tax exemption of corporate income tax on profits derived from such business.

In FY2016, some of the subsidiaries in the Group were engaged in qualifying agricultural business, which include breeding and sales of livestock, and generated most of the profit during the year. Therefore, most of the operating profit are entitled to full exemption of corporate income tax during the year and the tax expense decreased significantly.

Review of the Group's Financial Position as at 31 December 2016

The Group's property, plant and equipment decreased by 3.4% to approximately RMB791.7 million as at 31 December 2016 mainly due to additions of property, plant and equipment of approximately RMB62.3 million and this was offset by the impairment loss and a depreciation charge of approximately RMB11.3 million and approximately RMB63.3 million respectively.

The prepaid premium for land leases decreased by 3.6% to approximately RMB116.6 million as at 31 December 2016 mainly due to an amortisation charge of land use right amounted to approximately RMB4.3 million.

Goodwill arose from the acquisitions of subsidiaries in the past.

The deposits for property, plant and equipment were the deposits paid for the future increase in property, plant and equipment and were non-current in nature.

Biological assets refer to progeny rabbits and progeny chickens for sale and breeder rabbits and chickens for breeding purpose. These biological assets were valued by an independent professional valuer as at 31 December 2016 with reference to market-determined prices.

Inventories decreased by 28.9% to approximately RMB125.8 million and the inventory turnover days for FY2016 were 48 days compared to 56 days for FY2015. The decrease in both inventories and inventory turnover days were due to the decrease of inventory level after the sales of rabbit skin related products.

Trade and bills receivables increased by 42.5% to approximately RMB92.5 million as at 31 December 2016 mainly due to the increase of sales during the year. The trade and bills receivables turnover days was 23 days in FY2016 compared to 20 days for FY2015.

Prepayments, other receivables and deposits decreased by 13.2% to approximately RMB71.8 million as at 31 December 2016. The decrease was mainly due to the decrease of trade deposit paid to suppliers.

Cash and cash equivalents, including pledged deposits, decreased by approximately RMB68.9 million to approximately RMB386.5 million. Approximately RMB102.3 million of the bank deposit was secured against the bills payables of the Group.

Trade and bills payables decreased by 11.3% to approximately RMB308.6 million as at 31 December 2016. The decrease in the trade and bills payables was mainly due to the decrease of bill payables secured by the pledged deposits from approximately RMB191.4 million to approximately RMB139.8 million as at 31 December 2016.

Accrued liabilities and other payables represented payables for construction and facilities, salary and welfare payables, accrued expenses and deposit received. It increased by 14.9% to approximately RMB119.8 million as at 31 December 2016 and the increase was due to the increase of deposits placed by customers and the increase of payables of construction costs compared to 31 December 2015.

The interest-bearing bank borrowings balance as at 31 December 2016 decreased by RMB130.0 million to approximately RMB559.0 million after taking into account the additional bank borrowings of approximately RMB729.0 million and repayment of the bank borrowings of approximately RMB859.0 million during the year. Approximately RMB30.0 million of the bank borrowing was classified as non-current liabilities.

Change in balance with a related party represented the outstanding balance due to Qingdao Kangda Foreign Trade Group Limited ("KD Group") as a result of the settlement, trading and financing transactions.

Tax payables decreased from RMB3.3 million to RMB0.5 million as at 31 December 2016. This was due to payment of income tax during the year.

CAPITAL STRUCTURE

During the year under review, the Group had net assets of approximately RMB678.5 million (31 December 2015: RMB671.0 million), comprising non-current assets of approximately RMB1,004.0 million (31 December 2015: RMB1,023.5 million), and current assets of approximately RMB725.1 million (31 December 2015: RMB824.6 million). The Group recorded a net current liability position of approximately RMB267.7 million (31 December 2015: RMB282.4 million) as at 31 December 2016, which primarily consist of cash and cash equivalents balances amounted to approximately RMB284.2 million (31 December 2015: RMB269.6 million). Moreover, inventories amounted to approximately RMB125.8 million (31 December 2015: RMB176.9 million) and trade and bills receivables amounted to approximately RMB92.5 million (31 December 2015: RMB64.9 million) are also major current assets. Major current liabilities are trade and bills payables and interest-bearing bank borrowings amounted to approximately RMB308.6 million (31 December 2015: RMB347.8 million) and approximately RMB529.0 million (31 December 2015: RMB649.0 million) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, the Group has cash and cash equivalent of approximately RMB284.2 million (31 December 2015: RMB269.6 million) and had total interest-bearing bank borrowings and amount due to a related party of approximately RMB559.0 million and RMB32.2 million (31 December 2015: RMB689.0 million and nil) respectively. The Group's interest-bearing bank borrowings was debts with interest rate ranging from 4.57% to 6.88% (31 December 2015: 4.83% to 6.95%) per annum.

The gearing ratio for the Group was 90.9% as at 31 December 2016 (31 December 2015: 107.0%), based on net debt of approximately RMB591.2 million (31 December 2015: RMB689.0 million) and equity attributable to the Company's owners of approximately RMB650.4 million (31 December 2015: RMB644.1 million). The Group would serve its debts primarily with cash flow generated from its operation, seeking renewal of the outstanding bank borrowings and new banking facilities and exploring the availability of alternative source of financing. The Board is confident that the Group has adequate financial resources to meet its future debt repayment and support its working capital requirement and future expansion.

CONVERSION OF THE COMPANY'S LISTING STATUS FROM PRIMARY LISTING TO SECONDARY LISTING ON THE MAIN BOARD OF THE SGX-ST

As disclosed in the Company's announcement dated 14 October 2016, the Company received the in-principle approval from the SGX-ST for its application for the conversion in its listing status from a primary listing to a secondary listing on the Main Board of the SGX-ST while maintaining its primary listing status on the SEHK. The Company has obtained its shareholders' approval at the special general meeting held on 12 January 2017. The Company completed the conversion of its listing status on the SGX-ST on 23 January 2017. The Company is now primarily listed on the SEHK and secondarily listed on the SGX-ST.

FOREIGN CURRENCY EXPOSURE

The following table details the Group's exposures at the reporting date to foreign currency risk from the financial assets and financial liabilities denominated in a currency other than the functional currency to which the Group's entities relate:

	USD	**EURO**	**JPY**	**SGD**	**HK$**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets					
Trade receivables	44,527	7,470	5,227	-	-
Cash and bank balances	7,013	4,184	2,119	5	104
	51,540	11,654	7,346	5	104
Financial liabilities					
Trade payables	4,150	-	-	-	-

In view of the nature of the Group's business, which spans several countries, foreign exchange risks will continue to be an integral aspect of its risk profile in the future. Currently, the Group neither has a formal foreign currency hedging policy nor conducts hedging exercise to reduce foreign currency exposure. The Group will continue to monitor its foreign exchange exposure.

CAPITAL COMMITMENTS

As at 31 December 2016, there is capital commitment of the Group which had been contracted for but not provided in the financial statements amounted to approximately RMB5.5 million (2015: RMB21.4 million).

CHARGE ON ASSETS

Total secured interest-bearing bank borrowings were approximately RMB345.0 million as at 31 December 2016 (2015: RMB205.0 million).

As at 31 December 2015 and 2016, the Group's interest-bearing bank borrowings were guaranteed by certain related parties of the Group and secured against pledge of certain of the Group's property, plant and equipment, land use rights, certain properties of the related parties and pledged deposits.

CONTINGENT LIABILITIES

As at 31 December 2016, the Group did not have any material contingent liabilities (31 December 2015: Nil).

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2016, the Group employed a total of 4,406 employees (2015: 4,109 employees) in the PRC. The Group's emolument policy is formulated based on the industry practices and performance of individual employee. During the year under review, the total staff costs (including Directors' emoluments) were in the amount of approximately RMB191.0 million (2015: RMB203.3 million). The Company does not have share option scheme for its employees.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 December 2016.

AUDIT COMMITTEE

The audit committee of the Company consists of the independent non-executive directors, namely Mr. Chong Soo Hoon, Sean, Mr. Lau Choon Hoong and Mr. Yu Chung Leung and the non-executive director of the Company, Mr. Zhang Qi and Mr. Naoki Yamada. The audit committee has reviewed with management the accounting principles and standards adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the annual results for the year ended 31 December 2016.

CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has adopted and complied with the code provisions of the Code on Corporate Governance Practice, as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of the directors of the Company, all the directors confirmed that they had complied with the required standards as set out in the Model Code for the year ended 31 December 2016.

PUBLICATION OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016 ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the websites of SEHK (www.hkexnews.hk), SGX-ST (www.sgx.com) and the Company at www.kangdafood.com. The Company's Annual Report 2016 will also be published on the aforesaid websites in due course.

STATUTORY INFORMATION

An annual general meeting of the Company will be held on 19 June 2017. The register of members of the Company will be closed from 14 June 2017 to 19 June 2017, both days inclusive, during which no transfer of shares will be registered.

In order to qualify for attending the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 13 June 2017.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements, and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank the Group's management and staff for their dedication and commitment throughout the year. Besides, I would like to thank all shareholders, business partners, customers, and vendors for their support and encouragement given to the Group in the past years. My thanks are also extended to the lawyers, auditors, consultants and relevant enterprises who always give us help and support. We will do all our best and we wish you all the best for the upcoming year.

On behalf of the Board
China Kangda Food Company Limited
Gao Sishi
Chairman

Hong Kong, 28 March 2017

As at the date of this announcement, the executive directors of the Company are Mr. An Fengjun (Chief Executive Officer) and Mr. Gao Yanxu; the non-executive directors of the Company are Mr. Gao Sishi (Chairman), Mr. Zhang Qi and Mr. Naoki Yamada; and the independent non-executive directors of the Company are Mr. Chong Soo Hoon, Sean, Mr. Lau Choon Hoong and Mr. Yu Chung Leung.