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 2017

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 2017 together with the comparative figures for the previous year as follows:

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2017

	Notes	**2017** *RMB'000*	2016 *RMB'000*
Revenue	*5*	**1,335,667**	1,262,785
Cost of sales		**(1,225,438)**	(1,161,209)
Gross profit		**110,229**	101,576
Other income and other gains	*5*	**30,624**	61,370
Selling and distribution costs		**(34,370)**	(34,648)
Administrative expenses		**(58,471)**	(49,097)
Other operating expenses		**(26,325)**	(18,870)
Impairment loss on property, plant and equipment		**-**	(11,332)
Profit from operations	*6*	**21,687**	48,999

	Notes	**2017** *RMB'000*	2016 *RMB'000*
Finance costs	*7*	**(30,891)**	(39,203)
Share of loss of associate		**(260)**	-
(Loss)/Profit before taxation		**(9,464)**	9,796
Income tax expense	*8*	**(3,290)**	(2,247)
(Loss)/Profit for the year		**(12,754)**	7,549
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences in translating foreign operations		**410**	-
Other comprehensive income for the year		**410**	-
Total comprehensive income for the year		**(12,344)**	7,549
(Loss)/Profit for the year attributable to:			
Owners of the Company		**(15,783)**	6,295
Non-controlling interests		**3,029**	1,254
		(12,754)	7,549
Total comprehensive income for the year attributable to:			
Owners of the Company		**(15,373)**	6,295
Non-controlling interests		**3,029**	1,254
		(12,344)	7,549

	Notes	**2017** **RMB'000**	2016 RMB'000
(Loss)/Profit per share for (loss)/profit attributable to the owners of the Company during the year	*10*		
Basic *(RMB cents)*		**(3.65)**	1.45
Diluted *(RMB cents)*		**(3.65)**	1.45

Consolidated Statement of Financial Position
as at 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**747,750**	791,703
Prepaid premium for land leases		**112,231**	116,555
Interests in associates		**2,740**	-
Goodwill		**56,778**	56,778
Biological assets		**30,898**	31,435
Available-for-sale financial assets		**-**	-
Deferred tax assets		**1,591**	1,373
Deposits for property, plant and equipment		**6,526**	6,141
		958,514	1,003,985
Current assets			
Biological assets		**43,866**	47,867
Inventories		**171,039**	125,796
Trade and bills receivables	*11*	**98,095**	92,513
Prepayments, other receivables and deposits		**42,308**	71,779
Amount due from a former subsidiary		**-**	686
Pledged deposits		**40,460**	102,345
Cash and cash equivalents		**332,386**	284,159
		728,154	725,145
Current liabilities			
Trade and bills payables	*12*	**263,535**	308,571
Accrued liabilities and other payables		**128,359**	119,751
Interest-bearing bank borrowings		**525,319**	529,000
Amount due to a related party		**38,269**	32,166
Deferred government grants		**2,932**	2,777
Tax payables		**2,594**	541
		961,008	992,806
Net current liabilities		**(232,854)**	(267,661)
Total assets less current liabilities		**725,660**	736,324

	2017	2016
	RMB'000	*RMB'000*
Non-current liabilities		
Deferred government grants	**21,500**	20,701
Interest-bearing bank borrowings	**20,000**	30,000
Other borrowing	**11,760**	-
Deferred tax liabilities	**6,211**	7,090
Total non-current liabilities	**59,471**	57,791
Net assets	**666,189**	678,533
EQUITY		
Equity attributable to the Company's owners		
- Share capital	**112,176**	112,176
- Reserves	**522,884**	538,257
	635,060	650,433
Non-controlling interests	**31,129**	28,100
Total equity	**666,189**	678,533

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2017

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 “Stock Exchange”) 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 2017

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 2017:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

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.

The adoption of the amendments has led to the additional disclosure presented in a note to the cash flow statements.

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.

The adoption of the amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

(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.

Annual Improvements to IFRSs 2014-2016 Cycle	Amendments to IFRS 1, First-time adoption of International Financial Reporting Standards[1]
Annual Improvements to IFRSs 2014-2016 Cycle	Amendments to IAS 28, Investments in Associates and Joint Ventures[1]
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IFRS 3, Business Combinations; IFRS 11 Joint Arrangements; IAS 12 Income Taxes; and IAS 23 Borrowing Cost[2]
IFRS 9	Financial Instruments[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 28	Long-term Interests in Associate or Joint Ventures[2]
IFRS 15	Revenue from Contracts with Customers[1]
Amendments to IFRS 15	Revenue from Contracts with Customers (Clarification to IFRS 15)[1]
IFRS 16	Lease[2]
IFRIC – Int 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC – Int 23	Uncertainty over Income Tax Treatments[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

Annual Improvements to IFRSs 2014-2016 Cycle - Amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

Annual Improvements to IFRSs 2014-2016 Cycle - Amendments to IAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to IAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

Annual Improvements to IFRSs 2015-2017 Cycle - Amendments to: IFRS 3, Business Combinations; IFRS 11 Joint Arrangements; IAS 12, Income Taxes; and IAS 23 Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear.

- IFRS 3 Business Combinations: Clarifies that, when an entity obtains control of a business that is a joint operation, it must apply the requirements for a business combination achieved in stages and remeasure its entire previously held interest in the joint operation at fair value.
- IFRS 11 Joint Arrangements: Clarifies that when an entity that participates in, but does not have joint control of a joint operation, obtains joint control over that joint operation that is a business, it does not remeasure the interest it previously held in that joint operation.
- IAS 12 Income Taxes: Clarifies that an entity recognises all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividend.
- IAS 23 Borrowing Costs: Clarifies that an entity treats as part of general borrowings any specific borrowing originally made to develop a qualifying asset, and that is still outstanding, when substantially all of the activities necessary to prepare that asset for its intended use or sales are complete.

IFRS 9 - Financial Instruments

IFRS 9 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 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 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 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

Based on analysis of the Group's financial instruments as at 31 December 2017, the directors of the Company considered that the replacement of incurred loss impairment model in IAS 39 with the expected credit loss model required in IFRS 9 may result in early and additional provision of credit losses on the Group's financial assets measured at amortised costs including the trade and other receivables. The credit losses will be recognised in profit or loss. The directors of the Company concluded that the impact is not significant under the assessment of probability-weighted estimate of credit losses over the expected life of the Group's financial assets measured at amortised costs, with reference to the historical credit loss experience of trade and other receivables and the estimates of future economic conditions.

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. The Group is currently assessing the impact of the initial application of IFRS 15 and initially consider it will not have a significant impact on the Group's financial statements.

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

The amendments to IFRS 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 consolidated 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.

Total operating lease commitment of the Group in respect of land and buildings as at 31 December 2017 amounted to RMB70,203,000. The directors of the Company do not expect the adoption of IFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's results but it is expected that certain portion of these lease commitments will be required to be recognised in the form of an asset (for the right-of-use) and a financial liability (for the payment obligation) in the consolidated statement of financial position.

IFRIC – Int 22 - Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

IFRIC - Int 23 - Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of IAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Save as disclosed in the foregoing paragraph about the impact of IFRS 9, IFRS 15 and IFRS 16 to the Group's consolidated financial statements, the directors of the Company have also performed an assessment on other new standards and amendments, and have concluded on a preliminary basis that other new standards and amendments would not have a significant impact on the Group's consolidated financial statements in subsequent years.

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 ("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. The Group incurred a loss attributable to the owners of the Company of approximately RMB15.8 million during the year ended 31 December 2017, and as of that date, the Group's current liabilities exceeded its current assets by approximately RMB233 million; and

2. Amongst the total bank borrowings and other borrowing of approximately RMB557 million as at 31 December 2017, bank borrowings of approximately RMB525 million as at 31 December 2017 are due for repayment within one year from 31 December 2017.

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 2017, after taking into consideration of the following:

1. The Group continues to expand its product volume 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 RMB100 million upon maturity. Furthermore, subsequent to the end of the 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 RMB344 million, to the Group for another year upon the maturity of the bank borrowings. All these bank borrowings will mature in 2018; and

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

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:

	2017				
	Processed foods *RMB'000*	Chilled and frozen rabbit meat *RMB'000*	Chilled and frozen chicken meat *RMB'000*	Other Products *RMB'000*	Total *RMB'000*
Revenue from external customers	**690,912**	**157,107**	**268,881**	**218,767**	**1,335,667**
Reportable segment revenue	**690,912**	**157,107**	**268,881**	**218,767**	**1,335,667**
Reportable segment profit	**48,311**	**264**	**2,290**	**15,377**	**66,242**
Depreciation of property, plant and equipment	**31,010**	**7,051**	**12,068**	**9,819**	**59,948**
Amortisation of prepaid premium land leases	**2,237**	**509**	**870**	**708**	**4,324**
Loss on disposal of property, plant and equipment	**5,163**	**-**	**3,831**	**55**	**9,049**
Provision for trade receivable	**-**	**-**	**-**	**568**	**568**

	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

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:

	2017	2016
	RMB'000	*RMB'000*
Reportable depreciation of property, plant and equipment	**59,948**	57,072
Depreciation of property, plant and equipment under administrative expenses	**7,568**	6,217
Consolidated depreciation of property, plant and equipment	**67,516**	63,289
Reportable loss on disposal of property, plant and equipment	**9,049**	1,708
Under other operating expenses	**9,679**	6,474
Consolidated loss on disposal of property, plant and equipment	**18,728**	8,182

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

	2017	2016
	RMB'000	*RMB'000*
Reportable segment profit	**66,242**	53,888
Other income and other gains	**30,624**	61,370
Administrative expenses	**(58,471)**	(49,097)
Other operating expenses	**(16,708)**	(17,162)
Finance costs	**(30,891)**	(39,203)
Share of loss of associate	**(260)**	-
(Loss)/Profit before taxation	**(9,464)**	9,796

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.

	2017	2016
	RMB'000	*RMB'000*
Local (Country of domicile)		
PRC	**708,726**	681,817
Japan	**290,374**	289,092
Europe #	**312,802**	269,329
Others	**23,765**	22,547
	1,335,667	1,262,785

\# 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:

	2017	2016
	RMB'000	*RMB'000*
Revenue		
Sale of goods	**1,335,667**	1,262,785
Other income and other gains		
Interest income on financial assets stated at amortised cost	**8,307**	11,441
Amortisation of deferred income on government grants	**3,063**	2,777
Government grants related to income*	**1,730**	1,917
Gains arising from changes in fair value less estimated costs to sell of biological assets, net	**1,609**	37,800
Insurance claims	**6,143**	3,125
Others	**9,772**	4,310
	30,624	61,370

* *Various government grants have been received mainly from Qingdao District Wangdao City National Economic Centre (青島市黃島區國庫集中支付中心) and Gaomi City Financial Institution (高密市財政局) (2016: the Bureau of Industrial and Information Technology of Nongan County (農安縣工業和信息化局)) 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):

	2017	2016
	RMB'000	*RMB'000*
Cost of inventories recognised as an expense	**999,332**	939,373
Depreciation of property, plant and equipment*	**67,516**	63,289
Amortisation of prepaid premium for land leases**	**4,324**	4,323
Write down of inventories#	**-**	3,323
Provision for amount due from a former subsidiary^	**-**	1,860
Provision for trade receivables^	**568**	-
Provision for other receivables^	**5,926**	3,828
Minimum lease payments under operating leases for production facilities	**15,739**	16,091
Loss on disposal of property, plant and equipment^	**18,728**	8,182
Exchange loss/(gain), net	**3,574**	(1,169)

* *Depreciation of approximately RMB59,915,000 (2016: RMB56,957,000), approximately RMB33,000 (2016: RMB115,000) and approximately RMB7,568,000 (2016: RMB6,217,000) has been charged to cost of sales, selling and distribution costs and administrative expenses, respectively, for the year ended 31 December 2017.*

** *Amortisation of prepaid premium for land leases has been charged to cost of sales for the years ended 31 December 2016 and 2017.*

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

^ *Provision for amount due from a former subsidiary, provision for trade and 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 2016 and 2017.*

7. FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
Interest charges on bank borrowings	**31,192**	40,267
Interest charges on other borrowing	**97**	-
Less: Amount capitalised (note)	**(398)**	(1,064)
	30,891	39,203

Note: Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 5.15% (2016: 5.29%) to expenditure on qualifying assets.

8. INCOME TAX EXPENSE

	2017	2016
	RMB'000	*RMB'000*
PRC corporate income tax		
Current year provision	**3,734**	2,670
Under-provision in prior years	**653**	150
	4,387	2,820
Deferred tax credit	**(1,097)**	(573)
Total income tax expense	**3,290**	2,247

No Hong Kong profits tax has been provided for the year ended 31 December 2017 as the Group did not derive any assessable profit arising in Hong Kong during the year (2016: 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 (2016: Nil).

9. DIVIDENDS

The board of Directors did not recommend any payment of dividends during the year (2016: Nil).

10. LOSS/PROFIT PER SHARE

The calculation of basic loss/profit per share is based on the loss attributable to owners of the Company of approximately RMB15,783,000 (2016: Profit of RMB6,295,000) and on the 432,948,000 (2016: 432,948,000) ordinary shares in issue during the year.

In relation to the years ended 31 December 2017 and 2016, 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

	2017	2016
	RMB'000	*RMB'000*
Trade and bill receivables	**98,663**	92,513
Less: provision for impairment losses of receivables	**(568)**	-
Trade and bills receivables - net	**98,095**	92,513

Trade and bills receivables are non-interest bearing and are generally on terms of 30 to 90 days (2016: 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:

	2017	2016
	RMB'000	*RMB'000*
Within 30 days	**78,977**	67,985
31 – 60 days	**14,785**	15,286
61 – 90 days	**2,513**	2,699
91 – 120 days	**189**	1,851
Over 120 days	**1,631**	4,692
	98,095	92,513

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 receivables 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. The movement in the provision for impairment of trade receivables is as follows:

	2017	2016
	RMB'000	*RMB'000*
Balance at the beginning of the year	**-**	-
Impairment losses recognised	**568**	-
At 31 December	**568**	-

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

	2017	2016
	RMB'000	*RMB'000*
Neither past due nor impaired	**89,085**	81,723
Not more than 3 months past due	**7,593**	6,265
3 to 6 months past due	**304**	706
6 to 12 months past due	**1,113**	3,819
	98,095	92,513

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:

	2017	2016
	RMB'000	*RMB'000*
PRC	**45,107**	38,682
Japan	**9,879**	13,890
Europe	**41,982**	34,560
Others	**1,127**	5,381
	98,095	92,513

12. TRADE AND BILLS PAYABLES

Trade payables are non-interest bearing and are normally settled on terms of 60 days (2016: 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 (2016: 180 days).

	2017	2016
	RMB'000	*RMB'000*
Trade payables	**184,535**	168,771
Bills payables	**79,000**	139,800
	263,535	308,571

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

	2017	2016
	RMB'000	*RMB'000*
Within 60 days	**137,963**	111,598
61 – 90 days	**28,870**	43,928
91 – 120 days	**30,288**	61,965
Over 120 days	**66,414**	91,080
	263,535	308,571

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the fiscal year 2017 ("FY2017"), the Group recorded a loss attributable to owners of the Company amounted to approximately RMB15.8 million as compared to a profit of approximately RMB6.3 million recorded in the fiscal year 2016 ("FY2016") due to the increase of the mortality rate of the chicken resulting from the bad weather for FY2017 and the increase in administrative cost mainly arose from the higher professional fees and the staff costs of the senior management.

The Group has been maintaining its stable operation with a suitable scale. The sales turnover increased by 5.8% from approximately RMB1,262.8 million to approximately RMB1,335.7 million for FY2017. The Group's gross profit and gross profit margin increased by 8.5% to approximately RMB110.2 million for FY2017 and from 8.0% for FY2016 to 8.3% respectively for FY2017.

Chilled and Frozen Rabbit Meat

The sales of chilled and frozen rabbit meat products increased by 12.4% to RMB157.1 million for FY2017. Due to the recovery of demand of rabbit related products, the gross profit margin of chilled and frozen rabbit meat increased from –2.8% to 2.7% for FY2017. The Group enhanced the rate of production utilization of chilled and frozen rabbit meat products through expanding sales channels and continuous marketing efforts in maintaining the market share of its major products.

Since 2015, the rabbit industry suffered a long period of market consolidation which numerous smaller rabbit breeder farms in the market were closed. The decline in number of small rabbit breeder farms in 2015 and 2016 caused a significant decrease in rabbit meat supply to the market. As a result, the market demand and selling price of rabbit meat products rebounded in FY2017.

Furthermore, in order to satisfy the increasing market demand of rabbits from overseas, the Group has invested in rearing "free rearing" rabbits including improving the related production and breeding facilities to comply with the European animal protection rights' requirement. This investment has also increased the competitiveness of the Group and provided the Group with a good way of acquiring higher returns. The Group believed that under such strategy, the operational risks of the rabbit meat segment would be controlled more effectively.

Chilled and Frozen Chicken Meat and Processed Foods

Revenue derived from the production and sales of chilled and frozen chicken meat products increased by 15.8% to RMB268.9 million while revenue for the production and sales of processed food products decreased slightly by 5.5% to RMB690.9 million for FY2017. Affected by H7N9, there was inadequate supply of chicken in the market. Therefore, the supply of Group's chilled and frozen chicken meat products has increased to satisfy the demand in the market. The decrease of production and sales of processed food products was due to the decrease of demand from local market.

Due to bad weather in FY2017, the mortality rate of the chicken has greatly increased and exerted a negative impact on the breeding and production process. This fierce business environment put additional pressure on the profit growth of the chicken meat segment.

To reduce the adverse influence of chicken meat segment, the Group has made effort to optimize business portfolio by allocating more chicken resources to profitable processed foods businesses. The Group will continue to reduce the sales of the chilled and frozen chicken meat segment in the low-value sales channels and strive to ensure the supply on high-value processed chicken products segment. The Group believes that this integration will accelerate the Group's progress of food processing development and improve the Group competitiveness and ability to endure market risks.

PROSPECT

The management expects that the development of the food industry will continue to face challenges with low growth and intense competition, implying greater challenges ahead of the Group's business. To maintain the overall profitability, the Group will continue to increase sales contribution from high value-added chicken related processed foods and nurturing major customers.

Rabbit meat segment is always the core and competitive business of the Group. Rabbit meat is healthy with far more protein and less fat and calorie levels than other meats. The Group is one of 8 enterprises in the PRC which had successfully obtained the approval to export rabbit meat to overseas market. The Group is confident that the demands for rabbit meat will restore with the further improvement of living standards and more consumers tend to prefer a wider variety of nutritious foods. Therefore, the Group will continue to leverage on its leading position in the rabbit products and offer consumers with healthy and safe products and services.

The Group has also invested most resources on innovation and application of biotechnology and information technology across the rabbit industry and was the first company to be granted the certification for breeding progeny rabbit in the PRC. Also, the Group endeavors in the research and development of brand new high value-added healthcare and biological products by constantly utilizing the latest food science and technology.

Management has been actively exploring other business opportunities in order to strengthen the existing business of the Group. For FY2017, the Group has been exploring suitable opportunities to develop business in the retail healthcare and/or pharmaceutical business. This strategy can supplement and accelerate the development of its existing sales channels and acquiring or opening of retail chains ("Pharmacies") for the Group's brand new high value-added healthcare products so as to develop new customer bases and expand the channel penetration.

The business of the Pharmacies being in the developing stage and the Group adopted a prudent approach in managing the Pharmacies business. On 14 September 2017, the Company entered into a framework agreement regarding a possible acquisition of numerous pharmacies in Qingdao. The possible acquisition will continued to proceed subject to certain conditions precedent under the framework agreement are fulfilled, including but not limited to the due diligence results being satisfactory to the Company.

In 2018, the Group planned and started to open and acquire pharmacies respectively in other developed cities in the PRC, such as Beijing. On 22 March 2018, Tian Yuan You Shan (Beijing) Pharmacy Co., Ltd.* (天元佑善(北京)醫藥有限公司), one of the subsidiaries of the Company engaging in retail and wholesale of healthcare and pharmaceutical products, signed an equity transfer agreement to acquire pharmacies in Beijing, which are located outside Beijing's fifth ring, such as Tongzhou, Changping, Fangshan and Daxing District. Demand in pharmaceutical market in the PRC will continue to grow due to the aging population, rapid urbanization and universal medical insurance coverage. Qingdao and Beijing are the two potential markets, with good GDP and high resident's living standard, for the development of healthcare and pharmaceutical sectors. The Group believes that the higher visibility and gradual implementation of subsequent policies of the medical reform will bring a more structured and healthy development to the industry. This development was able to expand the existing sales channels for the high value-added healthcare and biological products manufactured by the Group and allow the Group to venture into the retail healthcare and/or pharmaceutical industry which has shown strong growth potential.

Correspondingly, the Group will continue to reduce our costs by identifying and restructuring its operations. On 29 January 2018, we entered into two equity transfer agreements to dispose all the equity interests of the Group in Jilin Kangda Foods Co., Ltd.* (吉林康大食品有限公司) and Laiwu Kangda Feeds Co., Ltd.* (萊蕪康大飼料有限公司) and one-off gain on the disposal will be expected to record in the 2018 interim results. Jilin Kangda Foods Co., Ltd.* (吉林康大食品有限公司) was located in Jilin and had experienced loss for the three consecutive years from 2014 to 2016 because of the unsuitable climate environment for the growth of rabbits. Through the disposal, the Group can also enhance the cash flows of the Group and redeploy its resources to working capital or investment in existing and future projects which will increase the overall profitability of the Group.

The Group, as always, implemented brand strategy for food and healthcare and biological products, strictly ensured food safety, constantly optimized structure, refined management, developed channels and strengthened cooperation.

OPERATING AND FINANCIAL REVIEW

REVENUE BY PRODUCTS

	FY2017	FY2016	% Change
	RMB'000	*RMB'000*	*+/(-)*
Processed food	**690,912**	730,786	(5.5)
Chilled and frozen rabbit meat	**157,107**	139,802	12.4
Chilled and frozen chicken meat	**268,881**	232,259	15.8
Other products	**218,767**	159,938	36.8
Total	**1,335,667**	1,262,785	5.8

Processed Food Products
Revenue derived from the production and sales of processed food products decreased slightly by 5.5% to RMB690.9 million for FY2017 due to the decrease of demand from local market.

** English name is for identification purpose only*

Chilled and Frozen Meat Products
The chilled and frozen rabbit and chicken meat segments contributed 31.9% to the Group's total revenue for FY2017, compared to 29.5% for FY2016.

- Chilled and Frozen Rabbit Meat
  The Group captured market opportunities, expanded the volume of breeding and increased productivity so the sales of chilled and frozen rabbit meat products increased by 12.4% to RMB157.1 million for FY2017.

- Chilled and Frozen Chicken Meat
  Revenue derived from the production and sales of chilled and frozen chicken meat products increased by 15.8% to RMB268.9 million for FY2017. The increase in production and sales volume of chicken meat products was in line with the consolidation of the PRC market environment.

Other Products
By exploring new overseas customers on an ongoing basis and consolidating and strengthening the effort in the export of pet food products, the demand of pet food products from Europe market increased. As a result, revenue derived from the production and sale of other products increased by 36.8% to RMB218.8 million for FY2017.

REVENUE BY GEOGRAPHICAL MARKETS

	FY2017	FY2016	% Change
	RMB'000	*RMB'000*	*+/(-)*
Export	**626,941**	580,968	7.9
PRC	**708,726**	681,817	4.0
Total	**1,335,667**	1,262,785	5.8

On a geographical basis, revenue from export sales increased by 7.9% to RMB626.9 million for FY2017. The increase in export sales was attributable mainly to the increase in demand for rabbit meat products and pet food products from Europe.

Revenue from PRC increased slightly by 4.0% to RMB708.7 million for FY2017.

PROFITABILITY

Gross Profit and Margin

	FY2017	**FY2017**	FY2016	FY2016	Change	% Change
	RMB'000	***Margin %***	*RMB'000*	*Margin %*	*RMB'000*	*+/(-)*
Processed food	**77,141**	**11.2**	87,018	11.9	(9,877)	(11.4)
Rabbit meat	**4,307**	**2.7**	(3,904)	(2.8)	8,211	210.3
Chicken meat	**7,152**	**2.7**	3,990	1.7	3,162	79.3
Other products	**21,629**	**9.9**	14,472	9.0	7,157	49.5
Total	**110,229**	**8.3**	101,576	8.0	8,653	8.5

For 2017, due to the continuously adjustment to the product mix of the Group in response to the customer needs, the overall gross profit margin increased slightly from 8.0% to 8.3%.

Processed Food Products
Processed food products were the main profit contributor for FY2017. Due to the decrease in selling price, the gross profit margin declined from 11.9% to 11.2% for FY2017.

Chilled and Frozen Rabbit Meat
The negative profit margin for FY2016 was due to the sales of rabbit skin related products at a lower price in the fourth quarter of 2016. There was no such factor for FY2017 and the gross profit margin of chilled and frozen rabbit meat increased from -2.8% to 2.7% for FY2017.

Chilled and Frozen Chicken Meat
In 2017, the price and demand 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 from 1.7% to 2.7% for FY2017. The factor of the higher mortality rate of the chicken was reflected in the loss arising from changes in fair value less estimated costs to sell of biological assets in accordance to the IAS 41.

Other Products
Other products are mainly pet food products, chicken and rabbit meat by-products and feeds. Due to the increase in selling price, gross profit margin increased from 9.0% to 9.9% for FY2017 and gross profit increased from RMB14.5 million to RMB21.6 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 RMB4.8 million, RMB1.6 million, RMB6.1 million and RMB8.3 million respectively. The rest were mainly gain arising from sales of rabbit excrement as fertilizer. The decrease in other income is mainly due to the increase of the mortality rate of the chicken caused by bad weather during the year. This is the major reason causing the decrease of the gains arising from changes in fair value less estimated costs to sell of biological assets decreased by 95.7% to approximately RMB1.6 million.

Selling and Distribution Expenses
Selling and distribution expenses comprised mainly transportation costs, sales promotion expenses, salary and welfare which slightly decreased by 0.8% to approximately RMB34.4 million.

Administrative Expenses
Administrative expenses comprised mainly staff costs, professional fees, depreciation charge, travelling expenses and other miscellaneous administrative expenses. The increase in administrative expenses by 19.1% was due to (i) increase of the staff costs of the senior management and (ii) increase in professional fees in relation to the conversion of the Company's listing status in SGX-ST and the change in the Company's shareholding structure in January 2017 and June 2017 respectively.

Other Operating Expenses
Other operating expenses represented miscellaneous expenses, comprising mainly write off property, plant and equipment, which increased by 39.5% to approximately RMB26.3 million for FY2017. The increase was due to the increase of written off of property, plant and equipment as a result of the upgrading of the existing factories facilities and the conversion of animal farms (from a chicken farm to a rabbit farm).

Impairment loss on property, plant and equipment
There was no impairment loss on property, plant and equipment during the year.

Finance costs
Finance costs decreased by 21.2% to approximately RMB30.9 million for FY2017 due mainly to the decrease of average bank borrowing amount during the year and the decrease of interest rate of the bank borrowings.

Taxation
Taxation increased by 46.4% to approximately RMB3.3 million for FY2017. 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. The tax exemption granted to the Group decreased with the decrease of qualifying agricultural business for FY2017. Therefore, some of the operating profit are charged with corporate income tax during the year and the tax expense increased significantly.

Review of the Group's Financial Position as at 31 December 2017

The Group's property, plant and equipment decreased by 5.6% to approximately RMB747.8 million as at 31 December 2017 due mainly to additions of property, plant and equipment of approximately RMB49.2 million and this was offset by a depreciation charge and disposal of property, plant and equipment of approximately RMB67.5 million and approximately RMB25.7 million respectively.

The prepaid premium for land leases decreased by 3.7% to approximately RMB112.2 million as at 31 December 2017 due mainly 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 machineries 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 2017 with reference to market-determined prices.

Inventories increased by 36.0% to approximately RMB171.0 million due to the anticipation of an increase in demand in the first quarter of 2018. The inventory turnover days for FY2017 were 44 days compared to 48 days for FY2016.

Trade and bills receivables increased by 6.0% to approximately RMB98.1 million as at 31 December 2017 due mainly to the increase of sales during the year. The trade and bills receivables turnover days was 26 days for FY2017 compared to 23 days for FY2016.

Prepayments, other receivables and deposits decreased by 41.1% to approximately RMB42.3 million as at 31 December 2017. The decrease was due mainly to the decrease of trade deposit paid to suppliers.

Cash and cash equivalents, including pledged deposits, decreased by approximately 3.5% to approximately RMB372.8 million. Approximately RMB40.5 million of the bank deposit was secured against the bills payables of the Group.

Trade and bills payables decreased by 14.6% to approximately RMB263.5 million as at 31 December 2017. The decrease in the trade and bills payables was due mainly to the decrease of bill payables secured by the pledged deposits from approximately RMB139.8 million to approximately RMB79.0 million as at 31 December 2017.

Accrued liabilities and other payables represented payables for construction, salary and welfare payables, accrued expenses and deposit received. It increased by 7.2% to approximately RMB128.4 million as at 31 December 2017 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 2016.

The interest-bearing bank and other borrowing balances as at 31 December 2017 decreased by RMB1.9 million to approximately RMB557.1 million after taking into account the additional borrowings of approximately RMB657.4 million and repayment of the borrowings of approximately RMB658.9 million during the year. Approximately RMB20.0 million of the bank borrowing and approximately RMB11.8 million of the other borrowing were classified as non-current liabilities.

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

Tax payables increased from RMB0.5 million to RMB2.6 million as at 31 December 2017. This was due to accrual of income tax during the year.

EVENTS AFTER REPORTING PERIOD

Save as disclosed in this results announcement, there is no material subsequent event undertaken by the Company or by the Group after 31 December 2017 and up to the date of this results announcement.

CAPITAL STRUCTURE

During the year under review, the Group had net assets of approximately RMB666.2 million (31 December 2016: RMB678.5 million), comprising non-current assets of approximately RMB958.5 million (31 December 2016: RMB1,004.0 million), and current assets of approximately RMB728.2 million (31 December 2016: RMB725.1 million). The Group recorded a net current liability position of approximately RMB232.9 million (31 December 2016: RMB267.7 million) as at 31 December 2017, which primarily consist of cash and cash equivalents balances amounted to approximately RMB332.4 million (31 December 2016: RMB284.2 million). Moreover, inventories amounted to approximately RMB171.0 million (31 December 2016: RMB125.8 million) and trade and bills receivables amounted to approximately RMB98.1 million (31 December 2016: RMB92.5 million) are also major current assets. Major current liabilities are trade and bills payables and interest-bearing bank borrowings amounted to approximately RMB263.5 million (31 December 2016: RMB308.6 million) and approximately RMB525.3 million (31 December 2016: RMB529.0 million) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, the Group has cash and cash equivalent of approximately RMB332.4 million (31 December 2016: RMB284.2 million) and had total interest-bearing bank borrowings of approximately RMB545.3 million (31 December 2016: RMB559.0 million) and other borrowing of approximately RMB11.8 million (31 December 2016: Nil) respectively. The Group's interest-bearing bank borrowings and other borrowing were debts with interest rate ranging from 4.03% to 6.88% (31 December 2016: 4.57% to 6.88%) and 3.5% (31 December 2016: Nil) per annum respectively.

The gearing ratio for the Group was 93.7% as at 31 December 2017 (31 December 2016: 90.9%), based on total debt of approximately RMB595.3 million (31 December 2016: RMB591.2 million) and equity attributable to Company's owners of approximately RMB635.1 million (31 December 2016: RMB650.4 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.

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	42,756	7,454	579	-	-
Cash and bank balances	2,901	1,611	-	5	4,635
	45,657	9,065	579	5	4,635
Financial liabilities					
Trade payables	3,562	-	-	-	-
Bank borrowings	1,319	-	-	-	-
Other borrowing	-	-	-	-	11,760
	4,881	-	-	-	11,760

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 2017, there is capital commitment of the Group which had been contracted for but not provided in the financial statements amounted to approximately RMB7.6 million (2016: RMB5.5 million).

CHARGE ON ASSETS

Total secured interest-bearing bank borrowings were approximately RMB380.0 million as at 31 December 2017 (2016: RMB345.0 million).

As at 31 December 2016 and 2017, the Group's interest-bearing bank borrowings were guaranteed by certain related parties of the Group and a third party and secured against pledge of certain of the Group's property, plant and equipment, land use rights, and certain of related party's properties.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group did not have any material contingent liabilities (2016: Nil).

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2017, the Group employed a total of 4,804 employees (2016: 4,406 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 RMB201.3 million (2016: RMB191.0 million). The Company does not have share option scheme for its employees.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries or associated companies during the year ended 31 December 2017.

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 2017.

EXTRACT OF THE AUDITORS' REPORT

The following is an extract of the independent auditor's report on the Group's annual financial statements for the year ended 31 December 2017:

In our opinion, the consolidated financial statements present fairly, in all material respects, of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 3(b) in the consolidated financial statements, which indicates that the Group incurred a loss attributable to the owners of the Company of approximately RMB15.8 million during the year ended 31 December 2017, and as of that date, the Group's current liabilities exceeded its current assets by approximately RMB233 million as at 31 December 2017. As stated in note 3(b), these conditions, along with other matters as set forth in note 3(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

AUDIT COMMITTEE

The audit committee of the Board consists of the independent non-executive directors of the Company, namely Mr. Lau Choon Hoong, Mr. Song Xuejun and Mr. Lu Zhiwen. 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 2017.

CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the directors of the Company, during the year ended 31 December 2017 and up to the date of this announcement, the Company has complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 of the Listing Rules (the "Code Provisions"), save for certain deviations from the relevant Code Provisions A.2.1 and A.3.2 as listed below:

(a) Code Provision A.2.1 states that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Under the current organisation structure of the Company, Mr. Fang Yu is the chairman and chief executive officer of the Company. With his extensive experience in the financial industry, the Board believes that vesting the roles of both chairman and chief executive officer in the same person provides the Company with strong and consistent leadership, allows for effective and efficient planning and implementation of business decisions and strategies, and is beneficial to the business prospects and management of the Group. Although Mr. Fang Yu performs both the roles of chairman and chief executive officer, the division of responsibilities between the chairman and chief executive officer is clearly established. The two roles are performed by Mr. Fang Yu distinctly. The Company considers that it is the long term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

(b) Code Provision A.3.2 states that the Company should maintain on the websites of its own and the Stock Exchange an updated list of its directors identifying their roles and functions and whether they are independent non-executive directors.

An updated list of the Company's directors identifying their roles and functions and whether they are independent non-executive directors is available on the website of the Stock Exchange. The Company is of the view that it is not necessary to maintain such list on the Company's website since all the information is available on the website of the Stock Exchange.

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 2017.

PUBLICATION OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017 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 (www.kangdafood.com). The Company's Annual Report 2017 will also be published on the aforesaid websites in due course.

STATUTORY INFORMATION

An annual general meeting of the Company will be held on 22 June 2018. The register of members of the Company will be closed from 19 June 2018 to 22 June 2018, 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 15 June 2018.

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 2017 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
Fang Yu
Chief Executive Officer and Chairman

Hong Kong, 28 March 2018

As at the date of this announcement, the executive Directors of the Company are Mr. Fang Yu (Chief Executive Officer and Chairman), Mr. An Fengjun, Mr. Gao Yanxu, Mr. Luo Zhenwu, Mr. Wang Yuan and Mr. Li Wei; and the independent non-executive Directors of the Company are Mr. Lau Choon Hoong, Mr. Song Xuejun and Mr. Lu Zhiwen.