

CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

The directors are pleased to announce the results for the quarter period from 1 April 2011 to 30 June 2011 ("4QFY2011") and the results for the financial year ended 30 June 2011 ("FY2011"). The comparatives are for the quarter period from 1 April 2010 to 30 June 2010 ("4QFY2010") and the financial year ended 30 June 2010 ("FY2010"). These figures have not been audited.

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note 8(A)	Group					
		1.7.2010 to 30.6.2011	1.7.2009 to 30.6.2010	Change	1.4.2011 to 30.6.2011	1.4.2010 to 30.6.2010	Change
		RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	1	1,929,205	1,422,557	35.6%	416,103	286,196	45.4%
Cost of sales		(1,128,640)	(848,235)	33.1%	(251,124)	(158,342)	58.6%
Gross profit	2	800,565	574,322	39.4%	164,979	127,854	29.0%
Gross profit margin (%)		41.5%	40.4%	1.1 ppt	39.6%	44.7%	(5.1 ppt)
Gain / (Loss) on fair value of biological assets less estimated point of sales cost	3	1,200	(15,200)	nm	1,400	(3,200)	nm
Other income, net	4	8,054	6,485	24.2%	1,420	1,858	(23.6%)
Selling and distribution expenses	5	(56,158)	(20,586)	172.8%	(25,080)	(10,190)	146.1%
Administrative expenses	6	(80,429)	(77,497)	3.8%	(27,028)	(18,951)	42.6%
Other expenses, net	7	(13,537)	(10,915)	24.0%	(4,498)	(9,990)	(55.0%)
Financial expenses, net	8	(5,899)	(23,941)	(75.4%)	(4,039)	(3,968)	1.8%
Profit before income tax	9	653,796	432,668	51.1%	107,154	83,413	28.5%
Income tax expense	10	(87,061)	(65,150)	33.6%	(10,220)	(10,477)	(2.5%)
Profit for the year / period		566,735	367,518	54.2%	96,934	72,936	32.9%
Net profit margin (%)		29.4%	25.8%	3.6 ppt	23.3%	25.5%	(2.2 ppt)
Other comprehensive income:							
Currency translation difference arising from consolidation		8,002	1,156	nm	363	891	nm
Total comprehensive income		574,737	368,674	55.9%	97,297	73,827	31.8%
Earnings per share (RMB) (Note 6)							
Basic ^(nm)		1.04	1.13	(7.7%)	0.18	0.14	29.6%
Diluted ^(nm)		1.04	1.09	(4.5%)	0.18	0.13	32.4%
Proforma basis		1.02	0.67	51.9%	0.17	0.13	30.9%

nm: not meaningful

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Profit before income tax

Profit before income tax is arrived at after charging / (crediting) the following:

	Group			
	1.7.2010 to 30.6.2011	1.7.2009 to 30.6.2010	1.4.2011 to 30.6.2011	1.4.2010 to 30.6.2010
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation of property, plant and equipment	33,836	28,175	10,332	7,165
Written off of plant and equipment	-	1,322	-	1,281
Written off of land improvement cost	-	743	-	743
Gain on disposal of operating lease prepayment	-	(2,700)	-	(2,700)
Loss on disposal of plant and equipment	604	-	-	-
Amortisation of land use right	2,438	984	616	180
Amortisation of land improvement costs	34,201	13,712	13,493	3,725
Amortisation of operating lease prepayments	43,253	24,397	17,211	6,296
Amortisation of discount on convertible bonds and loan	-	11,436	-	-
Reversal of other payables	-	(149)	-	(149)
Reversal of allowance for doubtful trade debts	-	(112)	-	-
Obsolete inventories written off	-	1,558	-	1,558
Other receivables written off (non-trade)	-	802	-	802
(Gain) / Loss on fair value of biological assets less estimated point of sales cost	(1,200)	15,200	(1,400)	3,200
Amortisation of government grant	(3,808)	(3,656)	(952)	(472)
Interest income	(439)	(275)	(39)	(126)
Interest expenses on bank term loans	6,338	12,780	4,078	4,094
Employees' share option value	-	12,954	-	806
Exchange loss, net	11,286	8,203	1,596	7,579

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1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	30.6.2011	30.06.2010	30.6.2011	30.06.2010
	RMB'000	RMB'000	RMB'000	RMB'000
Share capital and reserves				
Share capital	1,072,268	1,006,718	1,072,268	1,006,718
Statutory reserve fund	62,497	36,792	-	-
Employees' share option reserve	-	19,447	-	19,447
Translation reserve / (deficit)	7,792	(210)	2,784	(5,218)
Accumulated profits / (losses)	1,765,130	1,224,100	(133,719)	(111,311)
TOTAL EQUITY	2,907,687	2,286,847	941,333	909,636
Non-current assets				
Property, plant and equipment	1,113,928	366,361	-	-
Land use rights	128,287	40,613	-	-
Biological assets	176,000	174,800	-	-
Land improvement costs	215,511	44,457	-	-
Investment in subsidiaries	-	-	905,230	724,799
Operating lease prepayments	515,873	154,186	-	-
Current assets				
Land use rights	2,819	984	-	-
Biological assets	27,547	20,500	-	-
Inventories	53,900	22,697	-	-
Trade receivables	230,061	175,768	-	-
Other receivables and prepayments	700,434	188,872	370	3,121
Operating lease prepayments	67,693	24,734	-	-
Cash and bank balances	162,431	1,170,487	54,387	201,187
	1,244,885	1,604,042	54,757	204,308
TOTAL ASSETS	3,394,484	2,384,459	959,987	929,107

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1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year. (Continued)

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	30.6.2011	30.06.2010	30.6.2011	30.06.2010
	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities				
Trade payables	84,685	7,993	-	-
Other payables and accruals	44,781	44,728	14,408	15,524
Due to a subsidiary (non-trade)	-	-	4,246	3,947
Due to a related party (non-trade)	5,220	5,220	-	-
Bank term loans	322,130	10,000	-	-
Income tax liabilities	10,643	10,957	-	-
Government grants	1,603	1,290	-	-
	469,062	80,187	18,654	19,471
Non-current liabilities				
Government grants	12,756	11,022	-	-
Bank term loans	4,979	6,403	-	-
	17,735	17,425	-	-
TOTAL LIABILITIES	486,797	97,612	18,654	19,471
NET ASSETS	2,907,687	2,286,847	941,333	909,636

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

Bank term loans

	Unaudited	Audited
	30.6.2011	30.6.2010
	RMB'000	RMB'000
<u>Non-current</u>		
Non-interest bearing loan, secured	3,830	3,830
Less: Discount implicit in long-term interest free bank loan	(980)	(980)
	<hr/>	<hr/>
Fair value of interest-free bank loan at inception	2,850	2,850
Add: Amortisation of discount	499	293
	<hr/>	<hr/>
Net carrying amount at end of period	3,349	3,143
Interest bearing loan, secured	1,630	3,260
	<hr/>	<hr/>
	4,979	6,403
	<hr/>	<hr/>
<u>Current</u>		
Interest bearing loans:		
- Secured	21,630	10,000
- Unsecured	290,500	-
- Guaranteed	10,000	-
	<hr/>	<hr/>
	322,130	10,000
	<hr/>	<hr/>
Total bank term loans	327,109	16,403
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Interest rates for short-term bank loans range from 5.229% to 8.203% (30 June 2010: 5.31%) per annum. This was secured by the Group's land use rights, leasehold buildings and equipment.

Interest rates for long-term bank loans range from 0% to 2.4% (30 June 2010: 0% to 2.4%) per annum. Interest bearing loan of RMB 3.26 million was secured over Group's land and building, repayable in 2 equal installments on 30 October 2011 (current portion) and 30 October 2012 (non-current portion) respectively. Non-interest bearing loan of RMB 3.83 million is carried at amortised cost and secured over the Group's land use rights and leasehold buildings, repayable on 30 October 2013.

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1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	1.7.2010 to 30.6.2011	1.7.2009 to 30.6.2010	1.4.2011 to 30.6.2011	1.4.2010 to 30.6.2010
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Profit before income tax	653,796	432,668	107,154	83,413
Adjustments for:				
Depreciation of property, plant and equipment	33,836	28,175	10,332	7,165
Written off of plant and equipment	-	1,322	-	1,281
Written off of land improvement cost	-	743	-	743
Gain on disposal of operating lease prepayment	-	(2,700)	-	(2,700)
Loss on disposal of plant and equipment	604	-	-	-
Amortisation of land use right	2,438	984	616	180
Amortisation of land improvement costs	34,201	13,712	13,493	3,725
Amortisation of operating lease prepayments	43,253	24,397	17,211	6,296
Amortisation of discount on convertible bonds and loan	-	11,436	-	-
Reversal of other payables	-	(149)	-	(149)
Reversal of allowance for doubtful trade debts	-	(112)	-	-
Obsolete inventories written off	-	1,558	-	1,558
Other receivables written off (non-trade)	-	802	-	802
(Gain) / Loss on fair value of biological assets less estimated point of sales cost	(1,200)	15,200	(1,400)	3,200
Amortisation of government grant	(3,808)	(3,656)	(952)	(472)
Interest income	(439)	(275)	(39)	(126)
Interest expense	6,338	12,780	4,078	4,094
Employees' share option value	-	12,954	-	806
Translation difference	8,002	(1,421)	363	(1,421)
Operating profit before working capital changes	777,021	548,418	150,856	108,395
Inventories	(31,203)	4,389	9,045	8,491
Biological assets	(7,047)	(9,051)	(1,320)	(8,763)
Trade receivables	(54,293)	29,360	256,679	269,278
Other receivables and prepayments	(186,526)	58,131	(208,321)	53,477
Trade payables	76,692	1,876	(1,041)	(11,114)
Other payables and accruals	53	19,837	(12,759)	(20,650)
Cash generated from operations	574,697	652,960	193,139	399,114
Income tax paid	(87,375)	(55,417)	(39,351)	(27,339)
Interest received	439	275	39	126
Net cash generated from operating activities	487,761	597,818	153,827	371,901

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1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (Continued)

	Group			
	1.7.2010 to 30.6.2011	1.7.2009 to 30.6.2010	1.4.2011 to 30.6.2011	1.4.2010 to 30.6.2010
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(776,699)	(15,124)	(440,657)	(5,059)
Proceeds from disposal of operating lease prepayment	-	12,826	-	12,826
Proceeds from disposal of plant and equipment	18,070	-	-	-
Land improvement costs	(133,842)	(4,512)	(34,463)	(872)
Purchase of land use rights	(47,552)	-	-	-
Prepayment for property, plant and equipment	(224,708)	(102,908)	(66,995)	(47,908)
Prepayment for land improvement costs	(100,814)	(36,483)	(26,004)	(36,483)
Prepayment for land use rights	(145,000)	-	(145,000)	-
Additions to operating lease prepayments	(441,598)	(29,733)	(112,878)	(29,733)
Net cash used in investing activities	(1,852,143)	(175,934)	(825,997)	(107,229)
Cash flows from financing activities				
Proceeds from issuance of new shares pursuant to the initial public offering	-	716,424	-	716,424
Proceeds from issuance of new shares pursuant to exercise of share options	46,103	-	22,913	-
Share issue expenses	-	(25,075)	-	(25,075)
Proceeds from bank loans	352,600	167,800	185,000	21,800
Repayment of bank loans	(42,100)	(320,570)	(42,100)	(244,800)
Government grant received	5,855	3,783	3,775	593
Interest paid	(6,132)	(12,574)	(4,026)	(4,042)
Balance received from a related party (non-trade)	-	10,218	-	-
Restricted cash	-	4,900	-	-
Net cash generated from financing	356,326	544,906	165,562	464,900
Net (decrease) / increase in cash and cash equivalents	(1,008,056)	966,790	(506,608)	729,572
Cash and cash equivalents at beginning of year / period	1,170,487	203,697	669,039	440,915
Cash and cash equivalents at end of year / period	162,431	1,170,487	162,431	1,170,487

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital	Statutory reserve fund	Capital reserve	Employees' share option reserve	Translation reserve / (deficit)	Accumulated profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.7.2009	41,768	22,305	56,772	6,493	946	871,069	999,353
Total comprehensive income for the year	-	-	-	-	(1,156)	367,518	366,362
Recognition of employees' share option value	-	-	-	12,954	-	-	12,954
Issue of ordinary shares on conversion of convertible bonds/loan	216,829	-	-	-	-	-	216,829
Conversion of convertible bond into equity	56,772	-	(56,772)	-	-	-	-
Issue of ordinary shares on initial public offering	716,424	-	-	-	-	-	716,424
Share issue expense	(25,075)	-	-	-	-	-	(25,075)
Appropriation to statutory reserve fund	-	14,487	-	-	-	(14,487)	-
Balance at 30.6.2010	1,006,718	36,792	-	19,447	(210)	1,224,100	2,286,847
Group	Share capital	Statutory reserve fund	Capital reserve	Employees' share option reserve	Translation reserve / (deficit)	Accumulated profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.7.2010	1,006,718	36,792	-	19,447	(210)	1,224,100	2,286,847
Total comprehensive income for the year	-	-	-	-	8,002	566,735	574,737
Issue of ordinary shares on exercising of share options	46,103	-	-	-	-	-	46,103
De-recognition of employees' share option value	19,447	-	-	(19,447)	-	-	-
Appropriation to statutory reserve fund	-	25,705	-	-	-	(25,705)	-
Balance at 30.6.2011	1,072,268	62,497	-	-	7,792	1,765,130	2,907,687

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Continued)

<u>Company</u>	Share capital	Statutory reserve fund	Capital reserve	Employees' share option reserve	Translation reserve / (deficit)	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.7.2009	41,768	-	56,772	6,493	(4,064)	(56,230)	44,739
Total comprehensive loss for the year	-	-	-	-	(1,154)	(55,081)	(56,235)
Recognition of employees' share option value	-	-	-	12,954	-	-	12,954
Issue of ordinary shares on conversion of convertible bonds/loan	216,829	-	-	-	-	-	216,829
Conversion of convertible bond into equity	56,772	-	(56,772)	-	-	-	-
Issue of ordinary shares on initial public offering	716,424	-	-	-	-	-	716,424
Share issue expense	(25,075)	-	-	-	-	-	(25,075)
Balance at 30.6.2010	1,006,718	-	-	19,447	(5,218)	(111,311)	909,636
<u>Company</u>	Share capital	Statutory reserve fund	Capital reserve	Employees' share option reserve	Translation reserve / (deficit)	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.7.2010	1,006,718	-	-	19,447	(5,218)	(111,311)	909,636
Total comprehensive income / (loss) for the year	-	-	-	-	8,002	(22,408)	(14,406)
Issue of ordinary shares on exercising of share Options	46,103	-	-	-	-	-	46,103
De-recognition of employees' share option value	19,447	-	-	(19,447)	-	-	-
Balance at 30.6.2011	1,072,268	-	-	-	2,784	(133,719)	941,333

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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held on treasury shares, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

FY2011

During the financial year ended 30 June 2011, certain employees had subscribed for 20,016,000 shares pursuant to the China Minzhong Organic Food Corporation Pte. Ltd. Employee Share Option Scheme ("2008 Option Scheme"). The 2008 Option Scheme was approved and adopted by the shareholders in June 2008.

These new shares have been listed and quoted on the Singapore Exchange Securities Trading Limited during the financial year ended 30 June 2011. The new shares issued rank pari passu in all respects with the existing shares of the Company. Pursuant to the above issue and allotment of New Shares, the number of issued and paid-up shares in the capital of the Company has increased from 537,423,000 ordinary shares to 557,439,000 ordinary shares.

Save as the above disclosed, during the financial year ended 30 June 2011, there has been no changes in the issued and paid-up share capital of the Company.

FY2010

Convertible Bonds

During the financial year ended 30 June 2010, convertible bonds' holders have exercised their rights to convert their outstanding convertible bonds with an aggregate face value of US\$23.0 million into an aggregate of 73,140 ordinary shares in the capital of the Company. As at 31 March 2010, every one (1) ordinary share in the capital of the Company was sub-divided into two thousand (2,000) ordinary shares. The ordinary shares have been allotted and issued to the following allottees in the following manner:

Name of Allottees	No. of Ordinary Shares (before share split)	No. of Ordinary Shares (after share split)	Consideration (US\$)	Consideration (S\$)
Tetrad Ventures Pte Ltd	27,348	54,696,000	8,600,000	12,096,760
High Focus International Limited	17,490	34,980,000	5,500,000	7,736,300
Olympus Leaf Holdings Limited	28,302	56,604,000	8,900,000	12,518,740
Total	73,140	146,280,000	23,000,000	32,351,800

Convertible Loan

On 6 June 2008, the Company entered into a convertible loan agreement ("Convertible Loan Agreement") with certain pre-initial public offering investors ("Pre-IPO Investors"). The Pre-IPO Investors agreed to grant the Company a convertible loan facility ("Loan") of an aggregate amount of US\$9.0 million in consideration for the right to convert the full sum of the Loan into fully-paid ordinary shares in the Company.

On 13 June 2008 ("Funding Date"), the Company received US\$9.0 million (equivalent to approximately RMB 62,297,000) from the Pre-IPO Investors.

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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held on treasury shares, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. (Continued)

FY2010 (Continued)

Convertible Loan (Continued)

Under the terms of the Convertible Loan Agreement, the Convertible Loan ("CL") will be automatically converted into fully-paid new ordinary shares in the Company within 5 business days from the issuance of a written notice by the Company to the Pre-IPO Investors informing of the Company's receipt of the Eligibility-To-List letter from the Singapore Exchange Limited ("SGX-ST") ("Conversion Shares"). The number of shares to be issued and converted will be calculated based on an agreed formula between the parties. On 1 April 2010, the CL was automatically converted into fully-paid new ordinary shares in the Company. The ordinary shares have been allotted and issued in the following manner:

Name of Allottees	No. of Ordinary Shares	Consideration (US\$)	Consideration (S\$)
OCBC Capital Investment I Pte. Ltd.	17,501,000	9,000,000	12,600,720

Initial Public Offering ("IPO")

During the financial year ended 30 June 2010, we had our IPO which comprises 119,602,000 new ordinary shares in the Company at S\$1.20 for each Offering Share. The Offering was fully subscribed and the new ordinary shares have been allotted and issued as at 15th April 2010.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at end of the current financial period and as at the end of the immediately preceding year.

	Resultant Issued and Paid Up Share Capital		
	Number of new Shares issued	Number of Shares	(S\$'000)
As at 30 June 2009	-	127,020	9,100
Conversion of convertible bonds	73,140	200,160	41,452
Share split	400,119,840	400,320,000	-
Conversion of convertible loan	17,501,000	417,821,000	54,053
New Shares issued pursuant to the IPO	119,602,000	537,423,000	197,575
As at 30 June 2010	537,295,980	537,423,000	197,575
Exercise of share options	20,016,000	557,439,000	8,904
As at 30 June 2011	557,311,980	557,439,000	206,479

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1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at end of the current period reported on.

During the current financial period and the immediately preceding financial year, the Company does not have any outstanding treasury shares.

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

The figures have not been reviewed or audited by the Group's auditors.

The figures are management figures prepared in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards.

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

Not applicable.

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

There is a change of functional currency of the Company from United States dollars ("USD") to Singapore dollars ("S\$") with effect from 1 July 2010. Effect of the change is accounted for prospectively. All items are translated into the new functional currency using the exchange rate at the date of change. The resulting translated amounts for non-monetary items are treated as their historical cost. With the conversion of our USD-denominated convertible bonds and loans on 23 March and 1 April 2010 respectively, and S\$ raised during our Initial Public Offering ("IPO") on 15 April 2010, our underlying transactions are now mainly denominated in S\$. In the opinion of the directors, the change allows the Company's financial position and performance to be measured with greater relevance and reliability. The functional currency of its subsidiaries remains as Renminbi ("RMB").

Save as the above disclosed, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those used in the audited financial statements as of 30 June 2010.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

As per above point 4.

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6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Group for the respective years / periods and the weighted average number of shares.

The weighted average numbers of shares for financial year ended 30 June 2010 and 3 months ended 30 June 2010 are computed by adjusting the effect of share split occurred on 31 March 2010 to ordinary shares issued and fully paid up prior to 31 March 2010.

Basic earnings per share

	1.7.2010 to 30.6.2011	1.7.2009 to 30.6.2010	1.4.2011 to 30.6.2011	1.4.2010 to 30.6.2010
Based on weighted average number of ordinary shares on issue (RMB)	1.04	1.13	0.18	0.14
Weighted average number of shares (in thousands)	543,001	324,886	551,047	537,423

Diluted earnings per share

Diluted earnings per share are calculated by dividing the profit attributable to equity holders of the Group for the respective periods and the weighted average number of shares.

The weighted average numbers of shares for the respective years / periods are computed in accordance with the computation of basic earnings per share, plus adjusting for the potential dilutive effect in ordinary shares due to the employees' share options granted in Financial Year 2008. The potential ordinary shares (i.e. outstanding share options) are assumed to have been converted into ordinary shares at the beginning of the respective years / periods. For FY2011, there was no dilutive instrument.

	1.7.2010 to 30.6.2011	1.7.2009 to 30.6.2010	1.4.2011 to 30.6.2011	1.4.2010 to 30.6.2010
On a fully diluted basis (RMB)	1.04	1.09	0.18	0.13
Weighted average number of shares (in thousands)	543,001	336,400	551,047	548,937

Proforma basis earnings per share

For comparative purposes, proforma basis earnings per share are calculated by dividing the profit attributable to equity holders of the Group of the respective years / periods and the issued share capital of the Group at the end of the respective financial years, plus the dilutive potential ordinary shares in ordinary shares and were assumed to be in issued throughout the entire periods presented.

	1.7.2010 to 30.6.2011	1.7.2009 to 30.6.2010	1.4.2011 to 30.6.2011	1.4.2010 to 30.6.2010
On a proforma basis (RMB)	1.02	0.67	0.17	0.13
Proforma number of shares (in thousands)	557,439	548,937	557,439	548,937

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7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the: (a) current financial period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
Net asset value per ordinary share based on issued share capital at the end of the respective periods (RMB):	5.22	4.26	1.70	1.69
No. of shares in computing NAV (in thousands)	557,439	537,423	557,439	537,423

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

REVIEW OF PERFORMANCE

(A) Consolidated Income Statement

1. Revenue

FY2011 vs FY2010

Our revenue increased by 35.6% or RMB506.6 million, to RMB1,929.2 million (FY2010: RMB1,422.6 million). This was mainly due to the increase in sales of our processed vegetables and fresh vegetables produce.

The following table provides a breakdown of our revenue by business segments in FY2011, FY2010, 4QFY2011 and 4QFY2010 respectively:-

	FY2011		FY2010		4QFY2011		4QFY2010	
	RMB' mil	%	RMB' mil	%	RMB' mil	%	RMB' mil	%
Processed Business Segment:								
- Processed vegetables	1,215,295	63.0	900,859	63.4	239,422	57.5	189,050	66.1
- Others ⁽¹⁾	115,283	6.0	61,679	4.3	46,601	11.2	10,060	3.5
Subtotal	1,330,578	69.0	962,538	67.7	286,023	68.7	199,110	69.6
Cultivation Business Segment:								
- Fresh vegetables produce	510,026	26.4	367,705	25.8	130,080	31.3	87,086	30.4
- Mushroom spores ⁽²⁾	88,601	4.6	92,314	6.5	-	-	-	-
Subtotal	598,627	31.0	460,019	32.3	130,080	31.3	87,086	30.4
Total revenue	1,929,205	100.0	1,422,557	100.0	416,103	100.0	286,196	100.0

Note:-

(1) Include IQF processed products, vegetable and fruit beverages and other miscellaneous products.

(2) Sales of mushroom spores

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

1. Revenue (Continued)

FY2011 vs FY2010 (Continued)

Revenue from processed vegetables increased by 34.9% or RMB314.4 million, to RMB1,215.3 million (FY2010: RMB900.9 million), due to shift towards a higher value processed vegetables portfolio, which increased our overall selling prices by 56.0%.

Revenue from other processed products increased by 86.9% or RMB53.6 million, to RMB115.3 million (FY2010: RMB61.7 million). The increase in our other processed products was attributed to an increase in our sales volume, mainly due to strong domestic demands for our branded products such as vegetable and fruit beverages.

Revenue from fresh vegetables produce increased by 38.7% or RMB142.3 million, to RMB510.0 million (FY2010: RMB367.7 million), due to the increase in our cultivation volume by 33.1% or 30,915 tonnes, to 124,259 tonnes (FY2010: 93,344 tonnes). The improved cultivation volume was attributable to (i) improving yield from our maturing farmland, and (ii) some of our newly acquired farmlands, of approximately 9,300 mu, started contributions during the second half of our financial year ended 30 June 2011 ("2HFY2011"). We are expecting the remaining newly acquired farmlands to start contributing by end of 2011.

Revenue from trading mushroom spores decreased by 4.0% or RMB3.7 million to RMB88.6 million (9MFY2010: RMB92.3 million) as we shifted some of our resources for cultivating mushrooms to black fungus in Sichuan Province. The reallocation of resources has enabled us to penetrate the high yielding black fungus market, which constituted 8.7% of our total revenue in FY2011. On the other hand, growth opportunities in our processed champignon mushrooms business during the peak periods are also not compromised, as we have established a strong network of qualified suppliers for our processing needs. For instance, our champignon mushrooms sales constituted 28.7% of our total revenue for FY2011 and continued to achieve revenue growth of approximately 19% in FY2011.

4QFY2011 vs 4QFY2010

Our revenue increased by 45.4% or RMB129.9 million, to RMB416.1 million (4QFY2010: RMB286.2 million). This was mainly due to the increase in sales of our processed vegetables and fresh vegetables produce.

Revenue from processed vegetables increased by 26.6% or RMB50.4 million, to RMB239.4 million (4QFY2010: RMB189.0 million), due to shift towards a higher value processed vegetables portfolio, which increased overall average selling prices by 49.6%.

Revenue from other processed products increased by 363.2% or RMB36.5 million, to RMB46.6 million (FY2010: RMB10.1 million). The increase in our other processed products was attributable to increase in our sales volume, mainly due to strong domestic demands for our branded products such as vegetable and fruit beverages.

Revenue from fresh vegetables produce increased by 49.4% or RMB43.0 million, to RMB130.1 million (4QFY2010: RMB87.1 million), due to the increase in our cultivation volume by 43.3% or 9,976 tonnes, to 33,003 tonnes (4QFY2010: 23,027 tonnes). The improved cultivation volume was attributable to (i) improving yield from our maturing farmland, and (ii) some of our newly acquired farmlands, of approximately 9,300 mu, started contributions during 2HFY2011.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

2. Gross Profit

FY2011 vs FY2010

Our gross profit increased by 39.4% or RMB226.2 million, to RMB800.5 million (FY2010: RMB574.3 million), in tandem with the increase in our revenue. Our overall gross profit margin has improved by 1.1 ppt to 41.5% (FY2010: 40.4%).

The following table provides a breakdown of our gross profit by business segments in FY2011, FY2010, 4QFY2011 and 4QFY2010 respectively:-

	FY2011		FY2010		4QFY2011		4QFY2010	
	RMB' mil	%	RMB' mil	%	RMB' mil	%	RMB' mil	%
Processed Business Segment:								
- Processed vegetables	438,607	54.8	311,512	54.2	86,795	52.6	68,416	53.5
- Others ⁽¹⁾	19,107	2.4	5,089	0.9	6,025	3.7	(409)	(0.3)
Subtotal	457,714	57.2	316,601	55.1	92,820	56.3	68,007	53.2
Cultivation Business Segment:								
- Fresh vegetables produce	322,669	40.3	238,285	41.5	72,159	43.7	59,846	46.8
- Mushroom spores ⁽²⁾	20,182	2.5	19,436	3.4	-	-	-	-
Subtotal	342,851	42.8	257,721	44.9	72,159	43.7	59,846	46.8
Total gross profit	800,565	100.0	574,322	100.0	164,979	100.0	127,853	100.0

Note:-

(1) Include IQF processed products, vegetable and fruit beverages and other miscellaneous products.

(2) Sales of mushroom spores

Our gross profit from processed vegetables increased by 40.8% or RMB127.1 million, to RMB438.6 million (FY2010: RMB311.5 million), in tandem with the increase in revenue. Our overall gross profit margin for processed vegetables improved by 1.5 ppt to 36.1% (FY2010: 34.6%).

Our gross profit from other processed products increased by 275.5% or RMB14.0 million, to RMB19.1 million (RMB5.1 million), in tandem with the revenue growth, underpinned by an increase in sales volume.

Our gross profit from fresh vegetables produce increased by 35.4% or RMB84.4 million, to RMB322.7 million (FY2010: RMB238.3 million). The increase in our fresh vegetables produce gross profit was attributable to revenue growth underpinned by an increase in our cultivation volume. Our overall gross profit margin for fresh vegetables produce declined by 1.5 ppt to 63.3% (FY2010: 64.8%), due to lower gross profit margin for 4QFY2011 (See below for discussion and analysis of 4QFY2011 gross profit)

Despite a 4% dipped in revenue from our sales of mushroom spores, our gross profit from mushroom spores increased by 3.8% or RMB0.8 million, to RMB20.2 million (FY2010: RMB19.4 million), due to gross profit margin improved by 1.7 ppt to 22.8% (FY2010: 21.1%).

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REVIEW OF PERFORMANCE (Continued)

(B) Consolidated Income Statement (Continued)

2. Gross Profit (Continued)

4QFY2011 vs 4QFY2010

Our gross profit increased by 29.0% or RMB37.1 million, to RMB165.0 million (4QFY2010: RMB127.9 million), in tandem with the increase in revenue.

Our gross profit from processed vegetables increased by 26.9% or RMB18.4 million, to RMB86.8 million (4QFY2010: RMB68.4 million), in tandem with the increase in revenue. Our overall gross profit margin for processed vegetables remained relatively stable at 36.3% (4QFY2010: 36.2%)

Our gross profit from fresh vegetable produce increased by 20.6% or RMB12.3 million, to RMB72.1 million (4QFY2010: RMB59.8 million). The increase in our fresh vegetables produce gross profit was attributable to revenue growth underpinned by an increase in our cultivation volume. However, the lesser than proportional increase in gross profit was due to lower gross profit margin of 55.5% for 4QFY2011 (4QFY10: 68.7%). The lower gross profit margin for 4QFY2011 was due to higher initial cost of cultivation associated to the newly acquired farmlands, resulting in downward pressure to our gross profit margins during the “nurturing” period for these new farmlands, and especially so during summer, when cultivation activities were at the low peak season (i.e. 4QFY2011).

3. Gain / (Loss) on fair value of biological assets less estimate point of sales cost

FY2011 vs FY2010

We experienced a slight gain on fair value of biological assets for FY2011, amounting to RMB1.2 million, as compared to loss on fair value of biological assets for FY2010, amounting to RMB15.2 million. This was mainly attributable to the slight upward adjustment in our forecasted selling prices of bamboo shoots from the bamboo plantation as at 30 June 2011, reflecting our better than expected selling prices for our bamboo shoots during FY2011. The fair value of non-current biological assets was being valued at RMB176.0 million as at 30 June 2011 (30 June 2010: RMB174.8 million).

4QFY2011 vs 4QFY2010

We experienced a slight gain on fair value of biological assets for 4QFY2011, amounting to RMB1.4 million, as compared to loss on fair value of biological assets for 4QFY2010, amounting to RMB3.2 million. This was mainly attributable to the slight upward adjustment in our forecasted selling prices of bamboo shoots from the bamboo plantation as at 30 June 2011, reflecting our better than expected selling prices for our bamboo shoots during FY2011. The fair value of non-current biological assets was being valued at RMB176.0 million as at 30 June 2011 (30 June 2010: RMB174.8 million).

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

3. Gain / (Loss) on fair value of biological assets less estimate point of sales cost (continued)

A reconciliation of the carrying amount of biological assets and gain / (loss) on fair value of biological assets is as follows:

	As at 30.6.2011 RMB'000	As at 30.6.2010 RMB'000
At beginning of year	195,300	201,449
Increase due to plantation	262,823	211,349
Decrease due to harvest	(255,776)	(202,298)
Gain / (loss) arising from changes in fair value less estimated point-of-sale costs	1,200	(15,200)
At end of year	203,547	195,300

The analysis of the above is as follows:

Carrying value of biological assets	Bamboo shoots and trees RMB'000	Vegetables RMB'000	Total RMB'000
As at 30.6.2010			
Non-current portion	174,800	-	174,800
Current portion	-	20,500	20,500
Total	174,800	20,500	195,300
As at 30.6.2011			
Non-current portion	176,000	-	176,000
Current portion	-	27,547	27,547
Total	176,000	27,547	203,547

4. Other income, net

FY2011 vs FY2010

Other income comprised mainly government grants amortisation (which was mainly received as a subsidy to our capital expenditure) and rental income from leasing farmlands to third parties. The increase in our other income by RMB1.6 million to RMB8.1 million (FY2010: RMB6.5 million), was mainly due to more rental income from leasing farmlands to third parties.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

4. Other income, net (Continued)

The following table provides a breakdown of our net other income:

Other income, net	FY2011 RMB'000	FY2010 RMB'000	4QFY2011 RMB'000	4QFY2010 RMB'000
Rental income, net	4,713	1,644	1,609	530
Amortisation of government Grants	3,808	3,656	952	472
Reversal of other payables	-	149	-	149
Gain on disposal of assets, net	-	635	-	635
Gain / (Loss) on disposal of scraps materials, net	(575)	255	(1,085)	116
Others	108	146	(56)	(44)
Total	8,054	6,485	1,420	1,858

5. Selling and distribution expenses

FY2011 vs FY2010

Selling and distribution expenses increased by 172.8% or RMB35.6 million, to RMB56.2 million (FY2010: RMB20.6 million). The increase was mainly due to (i) an increase in payroll cost, amounting to RMB8.2 million, as a result of higher staff headcount with the Group's business expansion; (ii) an increase in shipping and transportation expenses amounting to RMB6.1 million, in line with higher sales; and (iii) an increase in marketing and advertising expenses related to promotion of our brand-name domestically, amounting RMB20.0 million.

4QFY2011 vs 4QFY2010

Selling and distribution expenses increased by 146.1% or RMB14.9 million, to RMB25.1 million (4QFY2010: RMB10.2 million). This was attributed to (i) an increase in payroll costs as a result of increasing sales and distribution staff headcount from the expansion of the Group's businesses; (ii) an increase in transportation cost as a result of increased sales; and (iii) an increase in marketing and advertising expenses related to promotion of our brand domestically.

6. Administrative expenses

FY2011 vs FY2010

Administrative expenses increased by 3.8% or RMB2.9 million, to RMB80.4 million (FY2010: RMB77.5 million), was mainly due to an increase in non-cash amortisation of upfront payments for the farmlands not used for own cultivation during FY2011.

4QFY2011 vs 4QFY2010

Administrative expenses increased by 42.6% or RMB8.1 million, to RMB27.0 million (4QFY2010: RMB18.9 million), was mainly due to an increase in non-cash amortisation of upfront payments for the farmlands not used for own cultivation during 4QFY2011.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

7. Other expenses, net

Other expenses comprised mostly net exchange loss, which attributed mainly to translation differences on our conversion of IPO Proceeds to RMB and was non-recurring in nature. The remaining comprised of losses on disposal of plant and equipment, as well as other expenses (such as charity donations).

The following table provides a breakdown of our net other expenses:

Other expenses, net	FY2011 RMB'000	FY2010 RMB'000	4QFY2011 RMB'000	4QFY2010 RMB'000
Obsolete inventories written off	-	1,558	-	1,558
Other receivables written off (non-trade)	-	802	-	802
Loss on disposal of plant and equipment, net	604	-	-	-
Exchange loss, net	11,286	8,203	1,596	7,579
Others	1,647	352	2,902	51
Total	13,537	10,915	4,498	9,990

8. Financial expenses, net

FY2011 vs FY2010

Our finance cost decreased by 75.4% or RMB18.0 million, to RMB5.9 million (FY2010: RMB23.9 million). This was due to the amortised interest on convertible bonds and loan, amounting to RMB11.4 million during FY2010 (FY2011: NIL), which resulted from the conversion of convertible bonds and loan on 23 March and 1 April 2010 respectively.

4QFY2011 vs 4QFY2010

Our finance cost increased by 1.8% or RMB0.1 million, to RMB4.0 million (4QFY2010: RMB3.9 million). This was due to increased bank borrowings during the period to fund our working capital needs.

9. Profit before income tax

FY2011 vs FY2010

Profit before income tax increased by 51.1% or RMB221.1 million, to RMB653.8 million (FY2010: RMB432.7 million) in tandem with higher gross profit. The profit before income tax margin improved from 30.4% in FY2010 to 33.9% in FY2011 which was in line with our improved gross profit margin.

4QFY2011 vs 4QFY2010

Profit before income tax increased by 28.5% or RMB23.7 million, to RMB107.1 million (4QFY2010: RMB83.4 million) in tandem with higher gross profit. The profit before income tax margin decreased from 29.1% in 4QFY2010 to 25.8% in 4QFY2011 which was in line with our dip in gross profit margin from 44.7% in 4QFY2010 to 39.6% in 4QFY2011 (See above for discussion and analysis of 4QFY2011 gross profit).

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

10. Income tax expense

FY2011 vs FY2010

Income tax expense increased by 33.6% or RMB21.9 million, to RMB87.1 million (FY2010: RMB65.2 million) in line with the increase in profit before income tax. Our effective tax rate decreased to 13.3%, from 15.1% in FY2010. This was mainly due to more expenses incurred that were not deductible in determining taxable profit during FY2010, mainly related to IPO expenses.

4QFY2011 vs 4QFY2010

Income tax expense decreased by 2.5% or RMB0.3 million, to RMB10.2 million (4QFY2010: RMB10.5 million) in line with the decrease in profit before income tax. Our effective tax rate decreased to 9.5% in 4QFY2011 (4QFY2010: 12.6%). This was mainly due to more expenses incurred that were not deductible in determining taxable profit during 4QFY2010, mainly related to IPO expenses.

11. EBITDA

FY2011 vs FY2010

Our EBITDA increased by 47.9% or RMB249.4 million, to RMB769.6 million (FY2010: RMB520.2 million).

4QFY2011 vs 4QFY2010

Our EBITDA increased by 45.7% or RMB47.6 million, to RMB151.9 million (4QFY2010: RMB104.3 million).

A reconciliation of the net income and EBITDA is as follows:

	FY2011 RMB'000	FY2010 RMB'000	4QFY2011 RMB'000	4QFY2010 RMB'000
Net income	566,735	367,518	96,934	72,936
Add / (Less):				
Interest expenses on bank term loans	6,338	12,780	4,078	4,094
Interest income	(439)	(275)	(39)	(126)
Amortisation of discount on convertible bonds and loan	-	11,436	-	-
Income tax expense	87,061	65,150	10,220	10,477
Depreciation of property, plant and equipment	33,836	28,175	10,332	7,165
Amortisation of land use right	2,438	984	616	180
Amortisation of land improvement costs	34,201	13,712	13,493	3,725
Amortisation of operating lease prepayments	43,253	24,397	17,211	6,296
Amortisation of government grant	(3,808)	(3,656)	(952)	(472)
EBITDA	769,615	520,221	151,893	104,275
EBITDA margins	39.9%	36.6%	36.5%	36.4%

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REVIEW OF PERFORMANCE (Continued)

(B) Consolidated Balance Sheet (30 June 2011 vs 30 June 2010)

Non-current assets

Non-current assets increased by approximately 175.4% or RMB1,369.2 million, to RMB2,149.6 million (30 June 2010: RMB780.4 million). This was largely attributable to the capital expenditure on operating lease prepayments for farmlands and associated land improvement costs, purchase of land use rights and property, plant and equipment for further expansion of our production facilities, net of amortisation and depreciation of non-current assets.

Current assets

Current assets decreased by 22.4% or RMB359.1 million, to RMB1,244.9 million (30 June 2010: RMB1,604.0 million). This was largely attributable to decrease in our cash and bank balances, amounting to RMB1,008.1 million, mainly utilised for our abovementioned capital expenditure, net of (i) increase in other receivables and prepayments of RMB511.6 million, which were mainly related to prepayments for our raw materials and capital expenditure; (ii) increase in trade receivables by RMB54.3 million, in tandem with the increase in revenue; (iii) increase in biological assets and inventories by RMB38.2 million; (iv) increase in land use rights by RMB1.8 million and (v) increase in operating lease prepayments by RMB43.0 million, in line with our capital expenditure for farmlands.

Non-current liabilities

Non-current liabilities comprised government grants and long term bank loans, which remained relatively stable at RMB17.7 million as at 30 June 2011 (30 June 2010: RMB17.4 million).

Current liabilities

Current liabilities comprised mainly bank term loans, income tax liabilities and trade and non-trade payables. Current liabilities increased by 484.9% or RMB388.9 million, to RMB469.1 million (30 June 2010: RMB80.2 million). This was largely attributable to (i) increase in bank term loans by RMB312.1 million to RMB322.1 million as of 30 June 2011 (FY2010: RMB10.0 million), and (ii) increase in trade payables by RMB76.7 million, being mainly purchases of raw materials for our expanding processed business.

Working capital days

<u>Days</u>	<u>FY2011</u>	<u>FY2010</u>	<u>4QFY2011</u>	<u>4QFY2010</u>
Trade Receivables Turnover ⁽¹⁾	38	49	71	79
Trade Payables Turnover ⁽²⁾	15	3	26	9
Inventory Turnover ⁽³⁾	16	15	21	19
Cash Conversion	39	61	66	90

The increasing trend of our trade payables turnover days was mainly due to an increased need for larger purchases of fertilizers and seeds due to our expansion in farmlands, and larger purchases of fresh vegetables and other raw materials, such as packaging materials, for our expanding processed business. This was also in tandem with our needs for more purchases arose from both cultivation and processing activities in our new subsidiaries incorporated in Tianjin and Hubei Province.

Note:-

- (1) Average trade receivables / revenue X 365 days
- (2) Average trade payables / cost of goods sold X 365 days
- (3) Average inventory balance / cost of goods sold for processed products x 365 days

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REVIEW OF PERFORMANCE (Continued)

(C) Consolidated Cash Flow Statement

FY2011

For FY2011, we recorded a net cash inflow from operating activities of RMB487.8 million. This comprised cash generated from operating activities before changes in working capital of RMB777.0 million, working capital outflow of RMB202.3 million, and net of cash outflow amounting to RMB86.9 million from interest and income tax paid. The net working capital inflow was impacted by:

(a) an aggregated increase in trade and non-trade receivables and prepayments of RMB240.8 million, in tandem with our revenue growth; and an aggregated increase in inventories and biological assets of RMB38.2 million; and

(b) net of an aggregated increase in trade and non-trade payables of RMB76.7 million.

As of 31 July 2011, we had received 68.8% or RMB158.4 million of our trade receivables of RMB230.1 million as of 30 June 2011, and expect to receive 100% of our trade receivables by end of August 2011.

For FY2011, net cash used in investing activities of RMB1,852.1 million was mainly due to the following:

(a) capital expenditure for our processing business segment, amounted to RMB1,194.0 million, arose due to acquiring of new property, plant and equipment and land use rights, relating to our expansion in various geographic locations, such as Fujian Province, Sichuan Province, Tianjin City and Hubei Province;

(b) capital expenditure for cultivation business segment, amounting to RMB676.2 million, arose due to acquiring of operating lease prepayments for farmlands and the associated land improvement costs, mainly for cultivation bases in Fujian Province and Jiangxi Province; and

(c) net of proceeds received from disposal of plant and equipment, amounting to RMB18.1 million.

For FY2011, net cash inflows from financing activities of RMB356.3 million was mainly attributable to (i) net proceeds from bank loans, amounting to RMB310.5 million, obtained from Agricultural Bank of China, Industrial Commerce Bank of China, Bank of China, OCBC Bank (China) Limited, Xiamen Branch, China CITIC Bank and China Minsheng Banking Corp Ltd, for the purpose of financing our working capital needs; (ii) proceeds from issuance of new shares on exercising share options, amounting to RMB46.1 million; and (iii) government grants received, amounting to RMB5.9 million, net of interest paid on bank loans.

4QFY2011

For the 3 months ended 30 June 2011, we recorded a net cash inflow from operating activities of RMB155.7 million. This comprised cash generated from operating activities before changes in working capital of RMB152.7 million, working capital inflow of RMB42.3 million, and net of cash outflow amounting to RMB39.3 million from interest and income tax paid. The net working capital inflow was a result of:

(a) an aggregated decrease in trade and non-trade receivables and prepayments of RMB48.4 million; and an aggregated decrease in and inventories and biological assets of RMB7.7 million; and

(b) net of an aggregated decrease in trade and non-trade payables of RMB13.8 million.

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REVIEW OF PERFORMANCE (Continued)

(C) Consolidated Cash Flow Statement (Continued)

4QFY2011 (Continued)

For the 3 months ended 30 June 2011, net cash used in investing activities of RMB826.0 million was for acquiring of property, plant and equipment, land use rights, acquiring of operating lease prepayments for farmlands and the associated land improvement.

For the 3 months ended 30 June 2011, net cash inflows from financing activities was RMB163.7 million, which was mainly attributable to the net proceeds from bank loans, amounting to RMB142.9 million, for the purpose of financing our working capital needs. The remaining cash inflows were mostly proceeds from the issuance of new shares on exercising share options.

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

No forecast had been issued for the financial period under review. Please refer to section "Prospects and Future Plans" on pages 166 to 170 of the Company's Prospectus dated 7 April 2010 for the Company's prospect statement.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

China Minzhong continues to ride on the increasing consumption of vegetables worldwide and the strong PRC government support in the agriculture sector. Despite the prevailing market volatility and recession worries, the Group draws comfort from the stable demand for food products and increased preferences for healthy dietary meals. Furthermore, vegetable prices rebounded from their April lows after a series of droughts and floods in recent months.

Capitalizing on the strong demand, the Group has effectively doubled its vegetable farmland area since its Initial Public Offering ("IPO") last year. The Group expects all the newly acquired farmland to be contributing to our revenue by end of 2011.

The Group is also making headway in its expansion into the higher value products, such as organic vegetables, king oyster mushrooms and black fungus, which will see increasing revenue contributions going forward. Since its first harvest of organic vegetables last November, the Group has been extending its organic footprint across Fujian province through six organic specialty stores and local supermarket chain. The Group also recently announced a doubling in its king oyster mushroom capacity from 4 tons/day to 8 tons/day after the commencement of operations at its new Tianjin facilities. This capacity bar is targeted to increase to 15 tons/day and 24 tons/day by the end of calendar years 2011 and 2012 respectively.

Barring any unforeseen circumstances, the Board of Directors expects the Group to maintain its growth momentum in the new financial year FY2012.

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11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for the current financial period reported on.

13. Present on-going interested person transactions

Our Chairman and Executive Director, Lin Guo Rong is currently a personal guarantee to secure a banking facility extended to our Group, namely our Fujian Minzhong Organic Food Co., Ltd. by the Agricultural Bank of China, details as set out below:

Expiry date of the guarantee	Amount Guaranteed ('million)	Drawdown as of 30.06.2011 ('million)	Lender
15 March 2013	RMB10.0	RMB10.0	Agricultural Bank of China
Total	RMB10.0	RMB10.0	

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14. A breakdown of sales as follows:-

	FY2011 RMB'000	FY2010 RMB'000	Increase %
(a) Sales reported for first half year	809,168	612,263	32.2%
(b) Operating profit after tax before deducting minority interests reported for first half year	208,657	145,635	43.3%
(c) Sales reported for second half year	1,120,037	810,294	38.2%
(d) Operating profit after tax before deducting minority interests reported for second half year	358,078	221,883 ⁽¹⁾	61.4%

Note (1): Operating profit after tax is arrived at after charging one-off IPO-related expenses, exchange loss arising mainly from IPO proceeds and employees' share option value charges.

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Operating segments are identified on the basis of internal reports about operating divisions of the Group that regularly reviewed by the Board for the purpose of resource allocation and performance assessment.

The Group is organised on a worldwide basis into two main operating divisions, namely:

- Processed business segment
- Cultivation business segment

(a) Operating segments

Inter-segment pricing is on arm's length basis. Unallocated costs represent corporate expenses. Segments assets consist primarily of property, plant, equipment, inventories, receivables, operating cash and short-term bank deposits. Segments liabilities comprise payables, provisions and borrowings.

(b) Geographical information

The Group's two operating segments operate in two geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area is primarily the investment holding.
- People's Republic of China – the operations in this area are principally the sales of processed products and fresh produce.

(a) Operating Segments

Operations in People's Republic of China contributed 100% of consolidated sales. Sales are based on the country in which the customer is located, regardless of where the goods are delivered. Assets and additions to property, plant and equipment are based on the location of those assets.

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15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (Continued)

(a) Operating segments (Continued)

2011	Processed Business Segment	Cultivation Business Segment	Group
	RMB'000	RMB'000	RMB'000
Revenue			
External sales	1,330,579	598,626	1,929,205
Results	357,534	319,310	676,844
Unallocated expenses			(12,866)
Operating profit			663,978
Gain on fair value of biological assets less estimated point of sales costs			1,200
Other income, net			8,054
Other expenses, net			(13,537)
Finance income			439
Finance expenses			(6,338)
Income tax expenses			(87,061)
Profit after income tax			566,735
Segment assets	1,987,170	1,166,097	3,153,267
Unallocated assets			241,217
Total assets			3,394,484
Segment liabilities	(447,456)	(19,873)	(467,329)
Unallocated liabilities			(19,468)
Total liabilities			(486,797)
Other segment items			
Capital expenditure			
- Property, plant and equipment	1,193,959	-	1,193,959
- Operating lease prepayments	-	441,598	441,598
- Land improvement costs	-	234,656	234,656
Depreciation and amortisation	36,274	77,454	113,728
Other non-cash expense	-	-	-

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15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (Continued)

(a) Operating segments (Continued)

2010	Processed Business Segment	Cultivation Business Segment	Group
	RMB'000	RMB'000	RMB'000
Revenue			
External sales	962,539	460,018	1,422,557
Results	264,076	246,982	511,058
Unallocated expenses			(37,762)
Operating profit			473,296
Loss on fair value of biological assets less estimated point of sales costs			(15,200)
Other income, net			9,428
Other expenses, net			(10,915)
Finance income			275
Finance expenses			(24,216)
Income tax expenses			(65,150)
Profit after income tax			367,518
Segment assets	1,523,225	656,885	2,180,110
Unallocated assets			204,349
Total assets			2,384,459
Segment liabilities	(71,615)	(9,938)	(81,553)
Unallocated liabilities			(16,059)
Total liabilities			(97,612)
Other segment items			
Capital expenditure			
- Property, plant and equipment	114,640	3,392	118,032
- Operating lease prepayments	-	29,733	29,733
- Land improvement costs	3,921	37,074	40,995
Depreciation and amortisation	30,938	36,330	67,268
Other non-cash expense	2,360	-	2,360

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15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (Continued)**

(b) Geographical information

Revenue is based on the location of customers regardless of where the goods are delivered. Assets and additions to property, plant and equipment are based on the location of those assets.

	Revenue	
	FY2011 RMB'000	FY2010 RMB'000
Americas and Europe	181,585	106,344
Asia (excluding the PRC) and other regions ⁽¹⁾	134,796	130,842
Export distributors	938,619	696,454
Subtotal	1,255,000	933,640
PRC markets	674,205	488,917
Total revenue	1,929,205	1,422,557

Note (1): These other regions include countries along the Asia-Pacific Rim and other countries such as South Africa and New Zealand.

	Assets	
	FY2011 RMB'000	FY2010 RMB'000
Singapore	54,757	204,308
PRC	3,339,727	2,180,151
	3,394,484	2,384,459

	Capital Expenditure	
	FY2011 RMB'000	FY2010 RMB'000
PRC	1,870,213	188,760

16. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

See paragraphs in 8(A) above.

17. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not Applicable.

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BY ORDER OF THE BOARD

LIN GUO RONG
Chief Executive Officer
29 August 2011