

# 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 October 2012 to 31 December 2012 and the results for the financial period from 1 July 2012 to 31 December 2012. The comparatives are for the quarter period from 1 October 2011 to 31 December 2011 and the financial period from 1 July 2011 to 31 December 2011. 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					
		1.7.2012 to 31.12.2012	1.7.2011 to 31.12.2011	Change	1.10.2012 to 31.12.2012	1.10.2011 to 31.12.2011	Change
		RMB '000	RMB '000	%	RMB '000	RMB '000	%
<b>Revenue</b>	1	1,474,311	1,012,167	45.7%	860,900	650,787	32.3%
Cost of sales		(974,036)	(626,997)	55.3%	(546,496)	(412,616)	32.4%
<b>Gross profit</b>	2	500,275	385,170	29.9%	314,404	238,171	32.0%
Gross profit margin (%)		33.9%	38.1%	(4.2ppt)	36.5%	36.6%	(0.1ppt)
Loss on fair value of biological assets less estimated point of sales cost	3	(9,000)	(4,400)	(104.5%)	(9,000)	(4,400)	(104.5%)
Other income, net	4	10,826	12,565	(13.8%)	5,575	6,018	(7.4%)
Selling and distribution expenses	5	(60,683)	(40,415)	50.1%	(35,747)	(19,876)	79.9%
Administrative expenses	6	(49,382)	(49,044)	0.7%	(27,908)	(26,061)	7.1%
Other expenses, net	7	(5,177)	(1,761)	194.0%	(4,359)	(901)	383.8%
Financial expenses	8	(26,483)	(14,187)	86.7%	(18,821)	(8,618)	118.4%
<b>Profit before income tax</b>	9	360,376	287,928	25.2%	224,144	184,333	21.6%
Income tax expense	10	(22,950)	(20,116)	14.1%	(8,330)	(9,663)	(13.8%)
<b>Profit for the period</b>		337,426	267,812	26.0%	215,814	174,670	23.6%
Net Profit margin (%)		22.9%	26.5%	(3.6ppt)	25.1%	26.8%	(1.7ppt)
Other comprehensive income:							
Currency translation difference arising from consolidation		856	(2,135)	140.1%	(4)	(376)	(98.9%)
<b>Total comprehensive income</b>		338,282	265,677	27.3%	215,810	174,294	23.8%
Earnings per share (RMB)							
Basic		0.61	0.48	27.1%	0.39	0.31	25.8%
Diluted		0.61	0.48	27.1%	0.39	0.31	25.8%

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**Profit before income tax**

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

	<b>Group</b>			
	<b>1.7.2012 to 31.12.2012</b>	<b>1.7.2011 to 31.12.2011</b>	<b>1.10.2012 to 31.12.2012</b>	<b>1.10.2011 to 31.12.2011</b>
	<b>RMB '000</b>	<b>RMB '000</b>	<b>RMB '000</b>	<b>RMB '000</b>
Depreciation of property, plant and equipment	39,180	24,086	19,710	12,395
Amortisation of land use rights	1,421	1,418	709	713
Amortisation of land improvement costs	44,592	28,386	22,125	14,077
Amortisation of operating lease prepayments	33,846	33,846	16,923	16,923
Loss on fair value of biological assets less estimated point of sales cost	9,000	4,400	9,000	4,400
Amortisation of government grants	(5,939)	(8,903)	(3,830)	(4,194)
Interest income	(47)	(120)	(39)	(63)
Interest expense on bank term loans	26,483	14,307	18,821	8,681
Employees' share option value	2,889	1,740	-	-

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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
	31.12.2012	30.06.2012	31.12.2012	30.06.2012
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Share capital and reserves</b>				
Share capital	1,072,268	1,072,268	1,072,268	1,072,268
Statutory reserve fund	89,248	79,007	-	-
Employees' share option reserve	4,629	1,740	4,629	1,740
Translation reserve	6,962	6,106	51,974	14,932
Accumulated profits/ (losses)	2,755,386	2,428,201	(157,446)	(150,052)
<b>TOTAL EQUITY</b>	3,928,493	3,587,322	971,425	938,888
<b>Non-current assets</b>				
Deferred tax assets	6,000	6,000	-	-
Property, plant and equipment	1,983,623	1,831,968	-	-
Land use rights	125,079	126,500	-	-
Biological assets	159,000	168,000	-	-
Land improvement costs	307,965	347,668	-	-
Investment in subsidiaries	-	-	955,250	919,064
Operating lease prepayments	414,334	448,180	-	-
<b>Current assets</b>				
Land use rights	2,757	2,757	-	-
Biological assets	52,001	34,635	-	-
Inventories	71,648	104,125	-	-
Trade receivables	913,857	967,115	-	-
Other receivables and prepayments	390,923	416,645	432	364
Due from a subsidiary (non-trade)	-	-	25,600	25,567
Operating lease prepayments	67,693	67,693	-	-
Cash and bank balances	491,611	66,209	870	5,286
	1,990,490	1,659,179	26,902	31,217
<b>TOTAL ASSETS</b>	4,986,491	4,587,495	982,152	950,281

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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
	31.12.2012	30.06.2012	31.12.2012	30.06.2012
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Current liabilities</b>				
Trade payables	314,041	216,058	-	-
Other payables and accruals	65,226	132,145	10,727	11,393
Bank term loans	647,800	612,630	-	-
Income tax liabilities	82	7,287	-	-
Government grants	3,501	3,501	-	-
	1,030,650	971,621	10,727	11,393
<b>Non-current liabilities</b>				
Government grants	25,605	24,997	-	-
Bank term loans	1,743	3,555	-	-
	27,348	28,552	-	-
<b>TOTAL LIABILITIES</b>	1,057,998	1,000,173	10,727	11,393
<b>NET ASSETS</b>	3,928,493	3,587,322	971,425	938,888

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

**Bank term loans**

	<b>Unaudited</b> <b>31.12.2012</b>	<b>Audited</b> <b>30.6.2012</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b><u>Non-current</u></b>		
Non-interest bearing loan, secured	1,915	3,830
Less: Discount implicit in long-term interest free bank loan	(490)	(980)
	<hr/>	<hr/>
Fair value of interest-free bank loan at inception	1,425	2,850
Add: Amortisation of discount	318	705
	<hr/>	<hr/>
Net carrying amount at end of period/year	<b>1,743</b>	<b>3,555</b>
	<hr/>	<hr/>
<b><u>Current</u></b>		
Interest bearing loans:		
- Secured	28,000	29,630
- Unsecured	479,800	438,000
- Guaranteed	140,000	145,000
	<hr/>	<hr/>
	<b>647,800</b>	<b>612,630</b>
	<hr/>	<hr/>
Total bank term loans	<b>649,543</b>	<b>616,185</b>
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Interest rates for short-term bank loans range from 5.88% to 9.184% (30 June 2012: 6.405% to 9.184%) per annum. Some of the short-term bank loans were secured by the Group's leasehold buildings, plant and machinery and land use rights.

The CEO, Lin Guo Rong together with Putian Puhua Agricultural Trading Co (a supplier) and Xia Rui Peng (legal representative of the supplier) is providing personal/corporate guarantee to this banking facility extended to the Group, amounting to RMB50.0 million, out of which RMB50.0 million was drawn-down.

Sichuan Minzhong Organic Food Co., Ltd (a subsidiary of the Company) is providing a guarantee to secure RMB100.0 million banking facility extended to Fujian Minzhong Organic Food Co., Ltd, out of which RMB60.0 million was drawn-down.

A non-related Company named Tianjin Huancheng Investment Co is providing a corporate guarantee to secure a RMB30.0 million loan to Tianjin Ecological Minzhong Organic Food Co Ltd (a subsidiary company of Fujian Minzhong Organic Food Co., Ltd), which is fully drawn-down.

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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			
	1.7.2012 to	1.7.2011 to	1.10.2012 to	1.10.2011 to
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from operating activities</b>				
Profit before income tax	360,376	287,928	224,144	184,333
Adjustments for:				
Depreciation of property, plant and equipment	39,180	24,086	19,710	12,395
Amortisation of land use rights	1,421	1,418	709	713
Amortisation of land improvement costs	44,592	28,386	22,125	14,077
Amortisation of operating lease prepayments	33,846	33,846	16,923	16,923
Property, plant and equipment written off	123	-	123	-
Reversal of allowance for doubtful debt	(1,201)	-	-	-
Biological assets	9,000	4,400	9,000	4,400
Amortisation of government grants	(5,939)	(8,903)	(3,830)	(4,194)
Interest income	(47)	(120)	(39)	(63)
Interest expense on bank term loans	26,483	14,307	18,821	8,681
Employees' share option value	2,889	1,740	-	-
Operating profit before working capital changes	510,723	387,088	307,686	237,265
Inventories	32,477	(86,280)	14,945	(37,650)
Biological assets	(17,366)	(13,113)	(11,672)	(17,529)
Trade receivables	54,459	(278,577)	(20,325)	(307,446)
Other receivables and prepayments	(16,665)	129,433	85,604	106,379
Trade payables	97,983	3,563	59,582	23,753
Other payables and accruals	(53,113)	15,252	(74,237)	10,415
Cash generated from operations	608,498	157,366	361,583	15,187
Income tax paid	(30,155)	(24,886)	(9,535)	(4,875)
Interest received	47	120	39	63
Net cash generated from operating activities	578,390	132,600	352,087	10,375

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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			
	1.7.2012 to 31.12.2012	1.7.2011 to 31.12.2011	1.10.2012 to 31.12.2012	1.10.2011 to 31.12.2011
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(162,377)	(232,931)	(139,755)	(83,691)
Proceeds from disposal of property, plant and equipment	-	400	-	-
Purchase of land use rights	-	(1,955)	-	-
Land improvement costs	(4,889)	(91,950)	-	(78,773)
Net cash used in investing activities	(167,266)	(326,436)	(139,755)	(162,464)
<b>Cash flows from financing activities</b>				
Proceeds from bank loans	406,800	291,000	257,800	251,000
Repayment of bank loans	(373,545)	(209,630)	(289,545)	(149,630)
Government grant received	6,547	24,661	5,363	20,395
Restricted cash	(25,675)	-	(27,325)	-
Interest paid	(26,380)	(14,204)	(18,770)	(8,629)
Net cash generated from financing activities	(12,253)	91,827	(72,477)	113,136
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>398,871</b>	<b>(102,009)</b>	<b>139,855</b>	<b>(38,953)</b>
<b>Cash and cash equivalents at beginning of periods</b>	<b>42,134</b>	<b>162,431</b>	<b>302,010</b>	<b>97,616</b>
Effect of exchange rate changes	856	(2,135)	(4)	(376)
<b>Cash and cash equivalents at end of periods</b>	<b>441,861</b>	<b>58,287</b>	<b>441,861</b>	<b>58,287</b>

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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)**

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the followings:

	<b>Group</b>	
	<b>Unaudited</b>	<b>Audited</b>
	<b>31.12.2012</b>	<b>30.6.2012</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Cash and bank balances as stated in the balance sheets	491,611	66,209
Less: Cash pledged to notes payables	(49,750)	(24,075)
Cash and cash equivalents per consolidated cash flows	441,861	42,134

RMB49.8 million (30 June 2012: RMB24.1 million) cash is pledged to secure RMB192.0 million (30 June 2012: RMB110.3 million) of notes payables (included in Trade Payables) issued by Agricultural Bank of China, Bank of China and China Merchants Bank as at 31 December 2012.



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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.

<u>Group</u>	Share Capital RMB'000	Statutory reserve fund RMB'000	Employees' share option reserve RMB'000	Translation reserve RMB'000	Accumulated profits RMB'000	Total RMB'000
<b>Balance at 1.7.2011</b>	1,072,268	62,497	-	7,792	1,765,130	2,907,687
Total comprehensive income for the period	-	-	-	(2,135)	267,812	265,677
Grant of employee's share option	-	-	1,740	-	-	1,740
Appropriation to statutory reserve fund	-	8,832	-	-	(8,832)	-
<b>Balance at 31.12.2011</b>	<b>1,072,268</b>	<b>71,329</b>	<b>1,740</b>	<b>5,657</b>	<b>2,024,110</b>	<b>3,175,104</b>

<u>Group</u>	Share Capital RMB'000	Statutory reserve fund RMB'000	Employees' share option reserve RMB'000	Translation reserve RMB'000	Accumulated profits RMB'000	Total RMB'000
<b>Balance at 1.7.2012</b>	1,072,268	79,007	1,740	6,106	2,428,201	3,587,322
Total comprehensive income for the period	-	-	-	856	337,426	338,282
Recognition of employees' share option value	-	-	2,889	-	-	2,889
Appropriation to statutory reserve fund	-	10,241	-	-	(10,241)	-
<b>Balance at 31.12.2012</b>	<b>1,072,268</b>	<b>89,248</b>	<b>4,629</b>	<b>6,962</b>	<b>2,755,386</b>	<b>3,928,493</b>

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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 RMB'000	Employees' share option reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1.7.2011	1,072,268	-	2,784	(133,719)	941,333
Total comprehensive income for the period	-	-	(2,135)	(3,993)	(6,128)
Grant of employees' share option	-	1,740	-	-	1,740
<b>Balance at 31.12.2011</b>	<b>1,072,268</b>	<b>1,740</b>	<b>649</b>	<b>(137,712)</b>	<b>936,945</b>

<u>Company</u>	Share Capital RMB'000	Employees' share option reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1.7.2012	1,072,268	1,740	14,932	(150,052)	938,888
Total comprehensive income for the period	-	-	37,042	(7,394)	29,648
Recognition of employees' share option value	-	2,889	-	-	2,889
<b>Balance at 31.12.2012</b>	<b>1,072,268</b>	<b>4,629</b>	<b>51,974</b>	<b>(157,446)</b>	<b>971,425</b>

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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.**

**1HFY2013**

**Granting of Share Options**

Pursuant to the Board Meeting held on 24 August 2012, the Directors granted 2,678,000 share options of the Company on 4 September 2012 to selected eligible employees of the Group and an Executive Director of the Company to subscribe for 2,678,000 ordinary shares in the Company at an exercise price of S\$0.74 per share, under the CMZ Employee Share Option Scheme 2010 which was approved on 31 March 2010. Options granted have a term of no longer than 3 years, and with 1 year vesting period from grant date. The total fair value of the options granted was estimated to be S\$583,418 (equivalent to RMB2,889,496) as at the grant date of options using Black-Scholes-Merton Option Pricing Model.

As at 31 December 2012, none of the abovementioned share options was being exercised.

**1HFY2012**

**Granting of Share Options**

Pursuant to the Board Meeting held on 24 August 2011, the Directors granted 2,462,000 share options of the Company on 21 September 2011 to selected eligible employees of the Group and an Executive Director of the Company to subscribe for 2,462,000 ordinary shares in the Company at an exercise price of S\$1.26 per share, under the CMZ Employee Share Option Scheme 2010 which was approved on 31 March 2010. Options granted have a term of no longer than 3 years, and with 1 year vesting period from grant date. The total fair value of the options granted was estimated to be S\$339,023 (equivalent to RMB1,739,649) as at the grant date of options using Black-Scholes-Merton Option Pricing Model.

As at 31 December 2012, none of the abovementioned share options was being exercised.

**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.**

	Number of new Shares issued	Resultant Issued and Paid Up Share Capital	
		Number of Shares	(S\$'000)
As at 30 June and 31 December 2012	-	557,439,000	219,629

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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.**

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 2012.

**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.

**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**

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

	<b>1.7.2012 to 31.12.2012</b>	<b>1.7.2011 to 31.12.2011</b>	<b>1.10.2012 to 31.12.2012</b>	<b>1.10.2011 to 31.12.2011</b>
Based on weighted average number of ordinary shares on issue (RMB)	0.61	0.48	0.39	0.31
Weighted average number of shares (in thousands)	557,439	557,439	557,439	557,439

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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. (Continued)**

**Diluted earnings per share**

Diluted earnings per share are calculated by dividing the profit attributable to equity holders of the Company for the respective periods and the weighted average number of shares, adjusted for the effects of all dilutive ordinary shares.

	<b>1.7.2012 to 31.12.2012</b>	<b>1.7.2011 to 31.12.2011</b>	<b>1.10.2012 to 31.12.2012</b>	<b>1.10.2011 to 31.12.2011</b>
On a fully diluted basis (RMB)	0.61	0.48	0.39	0.31
Weighted average number of shares, adjusted for the effects of all dilutive ordinary shares (in thousands)	557,573	557,439	557,640	557,439

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.**

	<b>Group</b>		<b>Company</b>	
	<b>31.12.2012</b>	<b>30.6.2012</b>	<b>31.12.2012</b>	<b>30.6.2012</b>
Net asset value per ordinary share based on issued share capital at the end of the period/year (RMB):	7.05	6.44	1.75	1.68
No. of shares in computing NAV (in thousands)	557,439	557,439	557,439	557,439

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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

The following table provides a breakdown of our revenue by business segments in 1HFY2013, 1HFY2012, 2QFY2013 and 2QFY2012 respectively:-

	1HFY2013		1HFY2012		2QFY2013		2QFY2012	
	RMB' mil	%	RMB' mil	%	RMB' mil	%	RMB' mil	%
<b>Processed Business Segment:</b>								
- Processed vegetables	756,347	51.3	552,172	54.6	516,162	60.0	419,378	64.4
- Others <sup>(1)</sup>	169,142	11.5	47,935	4.7	58,044	6.7	26,635	4.1
<b>Subtotal</b>	<b>925,489</b>	<b>62.8</b>	<b>600,107</b>	<b>59.3</b>	<b>574,206</b>	<b>66.7</b>	<b>446,013</b>	<b>68.5</b>
<b>Cultivation Business Segment:</b>								
- Fresh vegetables produce	458,266	31.1	297,660	29.4	266,298	30.9	141,052	21.7
- Mushroom spores <sup>(2)</sup>	90,556	6.1	114,400	11.3	20,396	2.4	63,722	9.8
<b>Subtotal</b>	<b>548,822</b>	<b>37.2</b>	<b>412,060</b>	<b>40.7</b>	<b>286,694</b>	<b>33.3</b>	<b>204,774</b>	<b>31.5</b>
<b>Total revenue</b>	<b>1,474,311</b>	<b>100.0</b>	<b>1,012,167</b>	<b>100.0</b>	<b>860,900</b>	<b>100.0</b>	<b>650,787</b>	<b>100.0</b>

Note:-

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

(2) Sales of mushroom spores

#### 1.1 Revenue (1HFY2013 vs 1HFY2012)

Our revenue increased by 45.7% or RMB462.1 million, to RMB1,474.3 million (1HFY2012: RMB1,012.2 million), primarily due to increased sales from both our processed and cultivation segments.

Revenue from processed vegetables increased by 37.0% or RMB204.2 million, to RMB756.3 million (1HFY2012: RMB552.2 million), arising from orders from new customers as well as steady growth in demand from existing customers. Our processed vegetables sales volume increased by approximately 33.5% to 22,908 tons (1HFY2012: 17,154 tons). Our average selling price for processed vegetables increased by approximately 2.5% to RMB33.0 per kilogram (1HFY2012: RMB32.2 per kilogram), primarily due to change in our product mix.

Revenue from other processed products increased by 253.0% or RMB121.2 million, to RMB169.1 million (1HFY2012: RMB47.9 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 vegetables and fruit beverages.

# CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

## REVIEW OF PERFORMANCE (Continued)

### (A) Consolidated Income Statement (Continued)

#### 1.1 Revenue (1HFY2013 vs 1HFY2012) (Continued)

Revenue from fresh vegetables produce increased by 53.9% or RMB160.6 million, to RMB458.3 million (1HFY2012: RMB297.7 million), primarily due to an increase in our production yield as a result of initial contributions from new productive farmland. Fresh vegetables produce sales volume increased by approximately 74.9% to 124,418 tons (1HFY2012: 71,133 tons).

Revenue from trading mushroom spores decreased by 20.8% or RMB23.8 million, to RMB90.6 million (1HFY2012: RMB114.4 million).

#### 1.2 Revenue (2QFY2013 vs 2QFY2012)

Our revenue increased by 32.3% or RMB210.1 million, to RMB860.9 million (2QFY2012: RMB650.8 million), primarily due to increased sales from both our processed and cultivation segments.

Revenue from processed vegetables increased by 23.1% or RMB96.8 million, to RMB516.2 million (2QFY2012: RMB419.4 million), arising from orders from new customers as well as steady growth in demand from existing customers. Our processed vegetables sales volume increased by approximately 14.8% to 13,150 tons (2QFY2012: 11,454 tons). Our average selling price for processed vegetables increased by approximately 7.4% to RMB39.3 per kilogram (2QFY2012: RMB36.6 per kilogram), primarily due to change in our product mix.

Revenue from other processed products increased by 118.0% or RMB31.4 million, to RMB58.0 million (2QFY2012: RMB26.6 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 vegetables and fruit beverages.

Revenue from fresh vegetables produce increased by 88.7% or RMB125.2 million, to RMB266.3 million (2QFY2012: RMB141.1 million), primarily due to an increase in our production yield as a result of initial contributions from new productive farmland. Fresh vegetables produce sales volume increased by approximately 111.8% to 69,840 tons (2QFY2012: 32,973 tons).

Revenue from trading mushroom spores decreased by 68.0% or RMB43.3 million, to RMB20.4 million (2QFY2012: RMB63.7 million), primarily due to late winter pattern in the preceding year. As a result, most of our mushroom spores sales were during the 2<sup>nd</sup> quarter of the preceding year.

# CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

## REVIEW OF PERFORMANCE (Continued)

### (A) Consolidated Income Statement (Continued)

#### 2. Gross Profit

The following table provides a breakdown of our gross profit by business segments in 1HFY2013, 1HFY2012, 2QFY2013 and 2QFY2012 respectively:-

	1HFY2013		1HFY2012		2QFY2013		2QFY2012	
	RMB' mil	%	RMB' mil	%	RMB' mil	%	RMB' mil	%
<b>Processed Business Segment:</b>								
- Processed vegetables	232,522	46.5	211,797	55.0	163,384	52.0	152,144	63.9
- Others <sup>(1)</sup>	44,787	8.9	(1,523)	(0.4)	14,493	4.6	(719)	(0.3)
<b>Subtotal</b>	<b>277,309</b>	<b>55.4</b>	<b>210,274</b>	<b>54.6</b>	<b>177,877</b>	<b>56.6</b>	<b>151,425</b>	<b>63.6</b>
<b>Cultivation Business Segment:</b>								
- Fresh vegetables produce	206,869	41.4	157,296	40.8	133,128	42.3	76,943	32.3
- Mushroom spores <sup>(2)</sup>	16,097	3.2	17,600	4.6	3,399	1.1	9,803	4.1
<b>Subtotal</b>	<b>222,966</b>	<b>44.6</b>	<b>174,896</b>	<b>45.4</b>	<b>136,527</b>	<b>43.4</b>	<b>86,746</b>	<b>36.4</b>
<b>Total gross profit</b>	<b>500,275</b>	<b>100.0</b>	<b>385,170</b>	<b>100.0</b>	<b>314,404</b>	<b>100.0</b>	<b>238,171</b>	<b>100.0</b>

Note:-

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

(2) Sales of mushroom spores

#### 2.1 Gross Profit (1HFY2013 vs 1HFY2012)

Our gross profit increased by 29.9% or RMB115.1 million, to RMB500.3 million (1HFY2012: RMB385.2 million), in tandem with the increase in our revenue. Our overall gross profit margin decreased by 4.2 ppt to 33.9% (1HFY2012: 38.1%).

Our gross profit from processed segment increased by 31.9% or RMB67.0 million, to RMB277.3 million (1HFY2012: RMB210.3 million), in tandem with the increase in revenue. Our overall gross profit margin for processed segment decreased by 5.0 ppt to 30.0% (1HFY2012: 35.0%), primarily due to increases in raw materials costs.

Our gross profit from cultivation segment increased by 27.5% or RMB48.1 million, to RMB223.0 million (1HFY2012: RMB174.9 million), in tandem with the increase in revenue. Our overall gross profit margin for cultivation segment decreased by 1.8 ppt to 40.6% (1HFY2012: 42.4%), primarily due to increases in amortization costs due to an increase in the size of our cultivation farmlands.



# CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

## REVIEW OF PERFORMANCE (Continued)

### (A) Consolidated Income Statement (Continued)

#### 2.2 Gross Profit (2QFY2013 vs 2QFY2012)

Our gross profit increased by 32.0% or RMB76.2 million, to RMB314.4 million (2QFY2012: RMB238.2 million), in tandem with the increase in our revenue. Our overall gross profit margin remained stable at 36.5%.

Our gross profit from processed segment increased by 17.5% or RMB26.5 million, to RMB177.9 million (2QFY2012: RMB151.4 million), in tandem with the increase in revenue. Our overall gross profit margin for processed segment decreased by 3.0 ppt to 31.0% (2QFY2012: 34.0%), primarily due to increases in raw materials costs.

Our gross profit from cultivation segment increased by 57.4% or RMB49.8 million, to RMB136.5 million (2QFY2012: RMB86.7 million), in tandem with the increase in revenue. Our overall gross profit margin for cultivation segment increased by 5.2 ppt to 47.6% (2QFY2012: 42.4%), primarily due to change in product mix.

#### 3 Loss on fair value of biological assets less estimate point of sales cost

We experienced loss on fair value of biological assets for 1HFY2013, amounting to RMB9.0 million (FY2012: RMB8.0 million). The actual operational result from July 2012 to December 2012 was approximate to the projections of revenue and anticipated costs associated with the biological assets as projected in FY2012. Therefore, we do not experience material change in the carrying amount of biological assets as at 31 December 2012.

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

	Financial Period Ended 31.12.2012 (1HFY2013)	Financial Year Ended 30.6.2012 (FY2012)
	RMB'000	RMB'000
<b>At beginning of period/year</b>	<b>202,635</b>	<b>203,547</b>
Increase due to plantation	268,763	378,104
Decrease due to harvest	(251,397)	(371,016)
Loss arising from changes in fair value less estimated point-of-sale costs	(9,000)	(8,000)
<b>At end of period/year</b>	<b>211,001</b>	<b>202,635</b>

**CHINA MINZHONG FOOD CORPORATION LIMITED**  
(Registration No. 200402715N)

**REVIEW OF PERFORMANCE (Continued)**

**(A) Consolidated Income Statement (Continued)**

**3 Loss on fair value of biological assets less estimate point of sales cost (Continued)**

The analysis of the above is as follows:

Carrying value of biological assets	Bamboo shoots and trees	Vegetables	Total
	RMB'000	RMB'000	RMB'000
<b>As at 30.6.2012</b>			
Non-current portion	168,000	-	168,000
Current portion	-	34,635	34,635
<b>Total</b>	<b>168,000</b>	<b>34,635</b>	<b>202,635</b>
<b>As at 31.12.2012</b>			
Non-current portion	159,000	-	159,000
Current portion	-	52,001	52,001
<b>Total</b>	<b>159,000</b>	<b>52,001</b>	<b>211,001</b>

**4. Other income, net (1HFY2013 vs 1HFY2012)**

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.

Other income, net	1HFY2013	1HFY2012	2QFY2013	2QFY2012
	RMB'000	RMB'000	RMB'000	RMB'000
Rental income, net <sup>(1)</sup>	3,216	3,216	1,608	1,608
Government grants	5,939	8,903	3,830	4,194
Gain on disposal of scrap materials, net	216	427	77	203
Reversal of allowance for doubtful debts	1,201	-	-	-
Other income, net	254	19	60	13
<b>Total</b>	<b>10,826</b>	<b>12,565</b>	<b>5,575</b>	<b>6,018</b>

Note:-

(1) Proceeds received from renting farmlands to third parties less associated depreciation and amortisation.

# CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

## REVIEW OF PERFORMANCE (Continued)

### (A) Consolidated Income Statement (Continued)

#### 4.1 Other income, net (1HFY2013 vs 1HFY2012)

Other income decreased by RMB1.8 million, to RMB10.8 million (1HFY2012: RMB12.6 million), was mainly due to a decrease in government grants received.

#### 4.2 Other income, net (2QFY2013 vs 2QFY2012)

Other income decreased by RMB0.4 million, to RMB5.6 million (2QFY2012: RMB6.0 million), was mainly due to a decrease in government grants received.

#### 5.1 Selling and distribution expenses (1HFY2013 vs 1HFY2012)

Selling and distribution expenses increased by 50.1% or RMB20.3 million, to RMB60.7 million (1HFY2012: RMB40.4 million). The increase was mainly due to (i) an increase in payroll cost, amounting to RMB4.3 million, as a result of increased staff headcount due to expansion of the Group's businesses; and (ii) an increase in marketing and advertising expenses related to promotion of our brand-name domestically, amounting to RMB14.9 million.

#### 5.2 Selling and distribution expenses (2QFY2013 vs 2QFY2012)

Selling and distribution expenses increased by 79.4% or RMB15.8 million, to RMB35.7 million (2QFY2012: RMB19.9 million). The increase was mainly due to (i) an increase in payroll cost, amounting to RMB0.9 million, as a result of increased staff headcount due to expansion of the Group's businesses; and (ii) an increase in marketing and advertising expenses related to promotion of our brand-name domestically, amounting to RMB13.3 million.

#### 6.1 Administrative expenses (1HFY2013 vs 1HFY2012)

Administrative expenses increased by 0.7% or RMB0.4 million, to RMB49.4 million (1HFY2012: RMB49.0 million).

#### 6.2 Administrative expenses (2QFY2013 vs 2QFY2012)

Administrative expenses increased by 7.1% or RMB1.8 million, to RMB27.9 million (2QFY2012: RMB26.1 million), was mainly due to an increased in payroll costs.

# CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

## REVIEW OF PERFORMANCE (Continued)

### (A) Consolidated Income Statement (Continued)

#### 7 Other expenses, net

Other expenses increased by RMB3.4 million to RMB5.2 million (1HFY2012: RMB1.8 million), primarily due to expenses associated with corporate social responsibility activities.

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

Other expenses, net	1HFY2013	1HFY2012	2QFY2013	2QFY2012
	RMB'000	RMB'000	RMB'000	RMB'000
Exchange loss, net	1,156	614	395	(213)
Other expenses <sup>(1)</sup>	4,021	1,147	3,964	1,114
<b>Total</b>	<b>5,177</b>	<b>1,761</b>	<b>4,359</b>	<b>901</b>

Note:-

(1) Other expenses mainly relates to expenses associated with corporate social responsibility activities, such as providing education sponsorship and promoting of community sport activities in Putian City, Fujian Province.

#### 8.1 Financial expenses (1HFY2013 vs 1HFY2012)

Our finance cost increased by RMB12.3 million, to RMB26.5 million (1HFY2012: RMB14.2 million). This was due to increased bank borrowings during the period to fund our working capital needs.

#### 8.2 Financial expenses (2QFY2013 vs 2QFY2012)

Our finance cost increased by RMB10.2 million, to RMB18.8 million (2QFY2012: RMB8.6 million). This was due to increased bank borrowings during the period to fund our working capital needs.

#### 9.1 Profit before income tax (1HFY2013 vs 1HFY2012)

Profit before income tax increased by 25.2% or RMB72.5 million, to RMB360.4 million (1HFY2012: RMB287.9 million) in tandem with higher gross profit. The profit before income tax margin declined by 4.0 ppt, to 24.4% (1HFY2012: 28.4%) was mainly attributable to **(1)** higher selling and distribution expenses as discussed in note 5 above, **(2)** higher administrative expenses as discussed in note 6 above and **(3)** higher financial expenses due to increased bank borrowings.

#### 9.2 Profit before income tax (2QFY2013 vs 2QFY2012)

Profit before income tax increased by 21.6% or RMB39.8 million, to RMB224.1 million (2QFY2012: RMB184.3 million). The profit before income tax margin declined by 2.3 ppt, to 26.0% (2QFY2012: 28.3%) was mainly attributable to **(1)** higher selling and distribution expenses as discussed in note 5 above, **(2)** higher administrative expenses as discussed in note 6 above and **(3)** higher financial expenses due to increased bank borrowings.

# CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

## REVIEW OF PERFORMANCE (Continued)

### (A) Consolidated Income Statement (Continued)

#### 10.1 Income tax expense (1HFY2013 vs 1HFY2012)

Income tax expense increased by 14.1% or RMB2.9 million, to RMB23.0 million (1HFY2012: RMB20.1 million), in tandem with the increased profit before income tax. Our effective tax rate decreased to 6.3% (1HFY2012: 7.0%), primarily due to a higher portion of income being tax exempted.

#### 10.2 Income tax expense (2QFY2013 vs 2QFY2012)

Income tax expense decreased by 13.8% or RMB1.4 million, to RMB8.3 million (2QFY2012: RMB9.7 million), in tandem with the increased profit before income tax. Our effective tax rate decreased to 3.6% (2QFY2012: 5.2%), primarily due to a higher portion of income being tax exempted.

#### 11.1 ADJUSTED EBITDA (1HFY2013 vs 1HFY2012)

Our EBITDA increased by 32.1% or RMB123.6 million, to RMB508.9 million (1HFY2012: RMB385.3 million).

#### 11.2 ADJUSTED EBITDA (2QFY2013 vs 2QFY2012)

Our EBITDA increased by 29.6% or RMB70.3 million, to RMB307.6 million (2QFY2012: RMB237.3 million).

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

	Group			
	1HFY2013	1HFY2012	2QFY2013	2QFY2012
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Net income</b>	<b>337,426</b>	<b>267,812</b>	<b>215,814</b>	<b>174,670</b>
<b>Add / (Less):</b>				
Interest expenses	26,483	14,307	18,821	8,681
Interest income	(47)	(120)	(39)	(63)
Income tax expense	22,950	20,116	8,330	9,663
Depreciation of property, plant and equipment	39,180	24,086	19,710	12,395
Amortisation of land use rights	1,421	1,418	709	713
Amortisation of land improvement costs	44,592	28,386	22,125	14,077
Amortisation of operating lease prepayments	33,846	33,846	16,923	16,923
Amortisation of government grants	(5,939)	(8,903)	(3,830)	(4,194)
Loss on fair value of biological assets less estimated point of sales cost	9,000	4,400	9,000	4,400
<b>ADJUSTED EBITDA</b>	<b>508,912</b>	<b>385,348</b>	<b>307,563</b>	<b>237,265</b>
<b>ADJUSTED EBITDA margins</b>	<b>34.5%</b>	<b>38.1%</b>	<b>35.7%</b>	<b>36.5%</b>

# CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

## REVIEW OF PERFORMANCE (Continued)

### (B) Consolidated Balance Sheet (31 December 2012 vs 30 June 2012)

#### Non-current assets

Non-current assets increased by approximately 2.3% or RMB67.7 million, to RMB2,996.0 million (30 June 2012: RMB2,928.3 million). This was largely mainly attributable to capital expenditure on property, plant and equipment and land improvement costs for further expansion of our production capacity, net of amortisation and depreciation of non-current assets.

#### Current assets

Current assets increased by 20.0% or RMB331.3 million, to RMB1,990.5 million (30 June 2012: RMB1,659.2 million), primarily due to increased cash balances by RMB425.4 million, net of decrease in other receivables and prepayments by RMB25.7 million, decrease in trade receivables by RMB53.3 million, and net decrease in biological assets and inventories by RMB15.1 million.

#### Non-current liabilities

Non-current liabilities comprised government grants and long term bank loans decreased by 4.5% or RMB1.3 million to RMB27.3 million as at 31 December 2012 (30 June 2012: RMB28.6 million). This is due to a repayment of a bank loan.

#### Current liabilities

Current liabilities comprised mainly bank term loans, income tax liabilities, trade and non-trade payables. Current liabilities increased by 6.1% or RMB59.1 million, to RMB1,030.7 million (30 June 2012: RMB971.6 million). This was largely attributable to the increase in bank term loans and trade and other payables and accruals by RMB35.2 million and RMB31.1 million respectively, net of decrease in income tax liabilities by RMB7.2 million.

#### Working capital days

<u>Days</u>	<b>For the 12 Months ended</b>	
	31 December 2012	30 June 2012
Trade Receivables Turnover <sup>(1)</sup>	86	85
Trade Payables Turnover <sup>(2)</sup>	38	35
Inventory Turnover <sup>(3)</sup>	28	26
Cash Conversion	76	76

The turnover days as presented above remains relatively stable.

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

# CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

## REVIEW OF PERFORMANCE (Continued)

### (C) Consolidated Cash Flow Statement

#### 1HFY2013

For the 6 months ended 31 December 2012, we recorded a net cash inflow from operating activities of RMB578.4 million. This comprised cash generated from operating activities before changes in working capital of RMB510.7 million, net working capital inflow of RMB97.8 million, and net cash outflow amounting to RMB30.1 million from interest and income tax paid. The net working capital inflow was a result of net decrease in trade and non-trade receivables of RMB37.8 million, net decrease in inventories and biological assets of RMB15.1 million, and net increase in trade and non-trade payables of RMB44.9 million.

For the 6 months ended 31 December 2012, net cash used in investing activities of RMB167.3 million was mainly for purchasing of property, plant and equipment and incurring improvement costs on farmlands.

For the 6 months ended 31 December 2012, net cash used in financing activities was RMB12.3 million, which was mainly attributable to interest expenses paid on the bank term loans, amounting to RMB26.4 million and restricted cash increased by RMB25.7 million to secure notes payable issued by the banks, offset by net proceeds from short term bank loans, amounting to RMB33.3 million, as well as government grants received totalling RMB6.5 million.

#### 2QFY2013

For the 3 months ended 31 December 2012, we recorded a net cash inflow from operating activities of RMB352.1 million. This comprised cash generated from operating activities before changes in working capital of RMB307.7 million, net working capital inflow of RMB53.9 million, and net cash outflow amounting to RMB9.5 million from interest and income tax paid. The net working capital inflow was a result of net decrease in trade and non-trade receivables of RMB65.3 million, and net decrease in inventories and biological assets of RMB3.3 million, offset by net decrease in trade and non-trade payables of RMB14.7 million.

For the 3 months ended 31 December 2012, net cash used in investing activities of RMB139.8 million was mainly for purchasing of property, plant and equipment.

For the 3 months ended 31 December 2012, net cash used in financing activities was RMB72.5 million, which was mainly attributable to the net payment to short term bank loans, amounting to RMB31.8 million, interest paid on the bank term loans, amounting to RMB18.8 million, and restricted cash increased by RMB27.3 million to secure notes payable issued by the banks, offset by government grants received totalling RMB5.4 million.

## **CHINA MINZHONG FOOD CORPORATION LIMITED**

**(Registration No. 200402715N)**

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.**

The overall demand for vegetables continues to be strong, fuelled by rising urbanization as well as preferences for healthy dietary eating habits. The Group continues to see steady demand for its vegetables products which is seen largely as a food staple. At the same time, the continued shift towards higher value products has also enabled the Group to tap on the rising affluence in the PRC market. On the global front, the growing needs for cost-competitive and consistent raw ingredient supplies by overseas food manufacturers have continued to drive the demand for the Group's products.

In the No. 1 Central Document for 2013, the PRC government underlines the importance of accelerating agricultural modernization and rural development. This is the 10<sup>th</sup> consecutive year in which the document focuses on rural issues. According to this year's policy document, PRC has pledged to ensure the security of grains and other farm products, increase farmers' income, improve their livelihood and push forward reforms in rural areas. The document also pledges to grant more subsidies to large-scale landholders, family farms and rural cooperatives to encourage the establishment of large-scale and specialized farming.

In view of the global economic uncertainty, the Group will also continue its ongoing efforts in closely monitoring the debt and credit situation amongst the European countries, recovery of the U.S. economy and their potential impact on our operations.

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.



**CHINA MINZHONG FOOD CORPORATION LIMITED**  
**(Registration No. 200402715N)**

**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**

As of 31 December 2012, Lin Guo Rong, our Chairman and Executive Director, had provided personal guarantees with respect to a loan issued to Fujian Minzhong Organic Food Co., Ltd., as set forth below:

Expiry date of the guarantee	Amount Guaranteed ('million)	Drawdown as of 31.12.2012 ('million)	Lender
30 December 2014	RMB50.0	RMB50.0	Industrial Bank Co Ltd
<b>Total</b>	<b>RMB50.0</b>	<b>RMB50.0</b>	

As of 31 December 2012, Sichuan Minzhong Organic Food Co., Ltd., a wholly owned subsidiary, had provided a corporate guarantee with respect to a loan issued to Fujian Minzhong Organic Food Co., Ltd., as set forth below:

Expiry date of the guarantee	Amount Guaranteed ('million)	Drawdown as of 31.12.2012 ('million)	Lender
21 March 2015	RMB100.0	RMB60.0	Bank of China
<b>Total</b>	<b>RMB100.0</b>	<b>RMB60.0</b>	

As of 31 December 2012, Yunnan Yuanmou Minzhong Food Co., Ltd., a wholly owned subsidiary, had provided a corporate guarantee with respect to a loan issued to Fujian Minzhong Organic Food Co., Ltd., as set forth below:

Expiry date of the guarantee	Amount Guaranteed ('million)	Drawdown as of 31.12.2012 ('million)	Lender
11 August 2013	RMB15.0	-	Construction Bank of China
<b>Total</b>	<b>RMB15.0</b>	<b>-</b>	

BY ORDER OF THE BOARD

**LIN GUO RONG**  
 Chief Executive Officer  
 14 February 2013

**CHINA MINZHONG FOOD CORPORATION LIMITED**  
**(Registration No. 200402715N)**

**FINANCIAL RESULTS OF THE COMPANY AND THE GROUP FOR THE FINANCIAL PERIOD  
ENDED 31 DECEMBER 2012**

We confirmed that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the Second Quarter financial results of the Company and the Group for the financial period ended 31 December 2012 to be false or misleading in any material aspect.

For and on behalf of the Board

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LIN GUO RONG  
Director

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LIM YEOW HUA  
Director