

# 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 2010 to 30 June 2010 and the results for the financial year ended 30 June 2010. The comparatives are for the quarter period from 1 April 2009 to 30 June 2009 and the financial year ended 30 June 2009. 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					
		1.7.2009 to 30.6.2010	1.7.2008 to 30.6.2009	Change	1.4.2010 to 30.6.2010	1.4.2009 to 30.6.2009	Change
		RMB'000	RMB'000	%	RMB'000	RMB'000	%
<b>Revenue</b>	1	1,422,557	1,057,835	34.5%	286,196	241,416	18.5%
Cost of sales		(848,235)	(634,221)	33.7%	(158,342)	(137,744)	15.0%
<b>Gross profit</b>	2	574,322	423,614	35.6%	127,854	103,672	23.3%
Gross profit margin (%)		40.4%	40.0%	0.4%	44.7%	42.9%	1.8%
(Loss) / Gain on fair value of biological assets less estimated point of sales cost	3	(15,200)	9,000	nm	(3,200)	2,250	nm
Other income, net	4	9,428	8,654	8.9%	3,121	2,640	18.2%
Selling and distribution expenses	5	(20,586)	(7,500)	174.5%	(10,190)	(2,291)	344.8%
Administrative expenses	6	(80,440)	(59,942)	34.2%	(20,214)	(13,318)	51.8%
Other expenses, net	7	(10,915)	(11,037)	(1.1%)	(9,990)	692	nm
Financial expenses, net	8	(23,941)	(19,132)	25.1%	(3,968)	(5,274)	(24.8%)
<b>Profit before income tax</b>	9	432,668	343,657	25.9%	83,413	88,371	(5.6%)
Income tax expense	10	(65,150)	(55,559)	17.3%	(10,477)	(13,891)	(24.6%)
<b>Profit for the period</b>		367,518	288,098	27.6%	72,936	74,480	(2.1%)
Net Profit margin (%)		25.8%	27.2%	(1.4%)	25.5%	30.9%	(5.4%)
Other comprehensive income:							
Currency translation difference arising from consolidation		1,156	2,241	nm	891	17	nm
<b>Total comprehensive income</b>		368,674	290,339	27.0%	73,827	74,497	(0.9%)
EBITDA (excluding (loss) / gain on fair value of biological assets)	11	535,421	410,774	30.3%	107,475	106,900	0.5%
EBITDA margin		37.6%	38.8%	(1.2%)	37.6%	44.3%	(6.7%)
Earnings per share (RMB)							
Basic <sup>(nm)</sup>		1.13	1.13	-	0.14	0.29	(51.7%)
Diluted <sup>(nm)</sup>		1.09	1.08	0.9%	0.13	0.28	(53.6%)
Proforma basis		0.67	0.52	28.8%	0.13	0.14	(7.1%)

nm: not meaningful

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**Profit before income tax**

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

	Group			
	1.7.2009 to 30.6.2010	1.7.2008 to 30.6.2009	1.4.2010 to 30.6.2010	1.4.2009 to 30.6.2009
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation of property, plant and equipment	28,175	20,489	7,165	6,755
(Gain) / Loss on disposal of assets	(635)	2,857	(676)	172
Amortisation of land use right	984	919	180	231
Amortisation of land improvement costs	13,712	12,928	3,725	3,312
Amortisation of operating lease prepayments	24,397	25,492	6,296	5,873
Amortisation of discount on convertible bonds and loan	11,436	12,684	-	4,391
Reversal of other payables	(149)	(1,552)	(149)	(161)
Allowance for doubtful trade debts	-	112	-	112
Reversal of allowance for doubtful trade debts	(112)	-	-	-
Obsolete inventories written off	1,558	3,777	1,558	308
Other receivables written off (non-trade)	802	8	802	-
Loss / (Gain) on fair value of biological assets less estimated point of sales cost	15,200	(9,000)	3,200	(2,250)
Amortisation of government grant	(3,656)	(2,843)	(472)	(666)
Interest income	(275)	(136)	(126)	(55)
Interest expenses	12,780	6,584	4,094	938
Employees' share option value	12,954	3,875	806	968
Exchange loss / (gain), net	8,203	3,861	7,579	(1,009)

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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
	30.6.2010	30.06.2009	30.6.2010	30.06.2009
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Share capital and reserves</b>				
Share capital	1,006,718	41,768	1,006,718	41,768
Statutory reserve fund	36,792	22,305	-	-
Capital reserve	-	56,772	-	56,772
Employees' share option reserve	19,447	6,493	19,447	6,493
Translation reserve	(210)	946	(5,218)	(4,064)
Accumulated profits	1,224,100	871,069	(111,311)	(56,230)
<b>TOTAL EQUITY</b>	2,286,847	999,353	909,636	44,739
<b>Non-current assets</b>				
Property, plant and equipment	366,361	352,734	-	-
Land use right	40,613	41,662	-	-
Biological assets	174,800	190,000	-	-
Land improvement costs	44,457	54,400	-	-
Investment in subsidiaries	-	-	724,799	246,943
Operating lease prepayments	154,249	166,188	-	-
<b>Current assets</b>				
Land use right	984	919	-	-
Biological assets	20,500	11,449	-	-
Inventories	22,697	28,644	-	-
Trade receivables	175,768	205,016	-	-
Other receivables and prepayments	188,872	130,114	-	279
Operating lease prepayments	24,672	23,822	3,121	-
Due from a subsidiary (non-trade)	-	-	-	9,934
Due from a related party (non-trade)	-	10,218	-	-
Cash and bank balances	1,170,487	208,597	201,187	65
	1,603,980	618,779	204,308	10,278
<b>TOTAL ASSETS</b>	2,384,460	1,423,763	929,107	257,221

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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
	30.6.2010	30.06.2009	30.6.2010	30.06.2009
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Current liabilities</b>				
Trade payables	7,993	6,117	-	-
Other payables and accruals	44,728	25,040	15,524	6,824
Due to a subsidiary (non-trade)	-	-	3,947	-
Due to a related party (non- trade)	5,220	5,220	-	-
Bank term loans	10,000	162,770	-	-
Income tax liabilities	10,957	1,224	-	-
Convertible bonds	-	205,658	-	205,658
Government grants	1,302	1,122	-	-
	80,200	407,151	19,471	212,482
<b>Non-current liabilities</b>				
Government grants	11,010	11,063	-	-
Bank term loans	6,403	6,196	-	-
	17,413	17,259	-	-
<b>TOTAL LIABILITIES</b>	97,613	424,410	19,471	212,482
<b>NET ASSETS</b>	2,286,847	999,353	909,636	44,739

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

**Bank term loans**

	<b>Unaudited</b>	<b>Audited</b>
	<b>30.6.2010</b>	<b>30.6.2009</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b><u>Non-current</u></b>		
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	293	86
	<hr/>	<hr/>
Net carrying amount at end of period	3,143	2,936
Interest bearing loan, secured	3,260	3,260
	<hr/>	<hr/>
	6,403	6,196
	<hr/>	<hr/>
<b><u>Current</u></b>		
Interest bearing loans:		
- Secured	10,000	29,510
- Unsecured	-	30,000
- Guaranteed	-	103,260
	<hr/>	<hr/>
	10,000	162,770
	<hr/>	<hr/>
Total bank term loans	16,403	168,966
	<hr/>	<hr/>

Interest rate for short-term bank loan is 5.31% (30 June 2009: 5.59% to 8.59%) 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 2.3% (30 June 2009: 0% to 2.3%) 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 and 30 October 2012 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			
	1.7.2009 to 30.6.2010	1.7.2008 to 30.6.2009	1.4.2010 to 30.6.2010	1.4.2009 to 30.6.2009
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from operating activities</b>				
Profit before income tax	432,668	343,657	83,413	88,371
Adjustments for:				
Depreciation of property, plant and equipment	28,175	20,489	7,165	6,755
(Gain) / Loss on disposal of assets	(635)	2,857	(676)	172
Amortisation of land use right	984	919	180	231
Amortisation of land improvement costs	13,712	12,928	3,725	3,312
Amortisation of operating lease prepayments	24,397	25,492	6,296	5,873
Amortisation of discount on convertible bonds and loan	11,436	12,684	-	4,391
Reversal of other payables	(149)	(1,552)	(149)	(161)
Allowance for doubtful trade debts	-	112	-	112
Reversal of allowance for doubtful trade debts	(112)	-	-	-
Obsolete inventories written off	1,558	3,777	1,558	308
Other receivables written off (non-trade)	802	8	802	-
Loss / (Gain) on fair value of biological assets less estimated point of sales cost	15,200	(9,000)	3,200	(2,250)
Amortisation of government grant	(3,656)	(2,843)	(472)	(666)
Interest income	(275)	(136)	(126)	(55)
Interest expense	12,780	6,584	4,094	938
Employees' share option value	12,954	3,875	806	968
Translation difference	(1,421)	517	(1,421)	(1,524)
Operating profit before working capital changes	548,418	420,368	108,395	106,775
Inventories	(4,662)	9,962	(272)	(4,149)
Trade receivables	29,360	(118,272)	269,278	122,812
Other receivables and prepayments	70,956	(27,263)	66,303	(26,020)
Trade payables	1,876	(2,542)	(11,114)	(14,027)
Other payables and accruals	19,837	(1,258)	(20,650)	(21,679)
Cash generated from operations	665,785	280,995	411,940	163,712
Income tax paid	(55,417)	(67,144)	(27,339)	(56,230)
Interest received	275	136	126	55
Net cash generated from operating activities	610,643	213,987	384,727	107,537

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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			
	1.7.2009 to 30.6.2010 RMB'000	1.7.2008 to 30.6.2009 RMB'000	1.4.2010 to 30.6.2010 RMB'000	1.4.2009 to 30.6.2009 RMB'000
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(15,124)	(124,098)	(5,059)	(26,336)
Land improvement costs	(4,512)	(3,733)	(872)	(3,166)
Prepayment for property, plant and equipment	(102,908)	-	(47,908)	-
Prepayment for land improvement costs	(36,483)	(28,000)	(36,483)	-
Prepayment for land use right	(6,300)	-	(6,300)	-
Additions to operating lease prepayments	(23,433)	(30,000)	(23,433)	-
Net cash used in investing activities	(188,760)	(185,831)	(120,055)	(29,502)
<b>Cash flows from financing activities</b>				
Proceeds from issuance of new shares	716,424	-	716,424	-
Share issue expenses	(25,075)	-	(25,075)	-
Proceeds from bank loans	167,800	180,000	21,800	61,900
Repayment of bank loans	(320,570)	(101,244)	(244,800)	(30,349)
Government grant received	3,783	6,607	593	552
Interest paid	(12,573)	(6,584)	(4,042)	(938)
Balance received from a related party	10,218	(270)	-	(1,500)
Balance with corporate shareholders	-	(4,560)	-	-
Restricted cash	4,900	-	-	-
Net cash generated from financing activities	544,907	73,949	464,900	29,665
<b>Net increase in cash and cash equivalents</b>	966,790	102,105	729,572	107,700
<b>Cash and cash equivalents at beginning of period</b>	203,697	101,592	440,915	95,997
<b>Cash and cash equivalents at end of period</b>	1,170,487	203,697	1,170,487	203,697
<b>Cash and bank balances</b>				
Cash and bank balances	1,170,487	208,597	1,170,487	208,597
Less: restricted cash	-	(4,900)	-	(4,900)
Cash and cash equivalents	1,170,487	203,697	1,170,487	203,697

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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>	Statutory reserve		Employees' share		Translation reserve	Accumulated profits	Total
	Share Capital	fund	Capital reserve	option reserve			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1.7.2008</b>	41,768	17,027	56,772	2,618	(1,295)	588,249	705,139
Recognition of employees' share option value	-	-	-	3,875	-	-	3,875
Currency translation differences	-	-	-	-	2,241	-	2,241
Net gain directly recognized in equity	-	-	-	3,875	2,241	-	6,116
Profit for the period	-	-	-	-	-	288,098	288,098
<b>Total recognized income</b>	-	-	-	3,875	2,241	288,098	294,214
Disposal of a subsidiary	-	(9,313)	-	-	-	9,313	-
Appropriation to statutory reserve fund	-	14,591	-	-	-	(14,591)	-
<b>Balance at 30.6.2009</b>	41,768	22,305	56,772	6,493	946	871,069	999,353
<b>Balance at 1.7.2009</b>	41,768	22,305	56,772	6,493	946	871,069	999,353
Recognition of employees' share option value	-	-	-	12,954	-	-	12,954
Currency translation differences	-	-	-	-	(1,156)	-	(1,156)
Net gain directly recognized in equity	-	-	-	12,954	(1,156)	-	11,798
Profit for the period	-	-	-	-	-	367,518	367,518
<b>Total recognized income</b>	-	-	-	12,954	(1,156)	367,518	379,316
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 expenses	(25,075)	-	-	-	-	-	(25,075)
Appropriation to statutory reserve fund	-	14,487	-	-	-	(14,487)	-
<b>Balance at 30.6.2010</b>	1,006,718	36,792	-	19,447	(210)	1,224,100	2,286,847



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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>	Statutory reserve		Employees' share		Translation reserve	Accumulated losses	Total
	Share Capital	fund	Capital reserve	option reserve			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1.7.2008</b>	41,768	-	56,772	2,618	(4,225)	(32,554)	64,379
Recognition of employees' share option value	-	-	-	3,875	-	-	3,875
Currency translation differences	-	-	-	-	161	-	161
Net gain directly recognized in equity	-	-	-	3,875	161	-	4,036
Loss for the period	-	-	-	-	-	(23,676)	(23,676)
<b>Total recognized income</b>	-	-	-	3,875	161	(23,676)	(19,640)
<b>Balance at 30.6.2009</b>	41,768	-	56,772	6,493	(4,064)	(56,230)	44,739
<b>Balance at 1.7.2009</b>	41,768	-	56,772	6,493	(4,064)	(56,230)	44,739
Recognition of employees' share option value	-	-	-	12,954	-	-	12,954
Currency translation differences	-	-	-	-	(1,154)	-	(1,154)
Net gain directly recognized in equity	-	-	-	12,954	(1,154)	-	11,800
Loss for the period	-	-	-	-	-	(55,081)	(55,081)
<b>Total recognized income</b>	-	-	-	12,954	(1,154)	(55,081)	(43,281)
Issue of ordinary shares on conversion of convertible bonds	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 expenses	(25,075)	-	-	-	-	-	(25,075)
<b>Balance at 30.6.2010</b>	1,006,718	-	-	19,447	(5,218)	(111,311)	909,636

## **CHINA MINZHONG FOOD CORPORATION LIMITED**

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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.**

### **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.

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.

During the 3 months ended 30 June 2010, the CL was automatically converted into fully-paid new ordinary shares in the Company on 1 April 2010. The ordinary shares have been allotted and issued in the following manner:

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

### **Initial Public Offering ("IPO")**

During the 3 months 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 15<sup>th</sup> April 2010.

Save as the above disclosed, during the three months ended 30 June 2010, there has been no changes in the issued and paid-up share capital of the Company.

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**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 Offering	119,602,000	537,423,000	197,575
As at 30 June 2010	537,295,980	537,423,000	197,575

**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 been prepared by the management in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards.

The figures have neither been audited by the Group's auditors in accordance with the Singapore Standard on Auditing nor reviewed by the Group's auditors in accordance with the Singapore Standard on Review Engagement 2410.

**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.**

Except as disclosed in Note 5 below, 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 2009.

**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.**

On 1 July 2009, the Group adopted the new or amended FRS that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS. The following are the new or revised FRS that are relevant to the Group:

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**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. (Continued)**

(a) FRS 1 (revised) Presentation of financial statements

The revised standard prohibits the presentation of items of income and expenses (that is, “non-owner changes in equity”) in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement but entities can choose whether to present one performance statement (the “statement of comprehensive income”) or two statements (the income statement and statement of comprehensive income). The Group has chosen to adopt the former alternative. In addition, where comparative information is restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of the balance sheet as at 1 July 2008 in the current financial year.

(b) FRS 108 Operating segments

This replaces FRS 14 Segment reporting, and requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes.

FRS 108 requires disclosure of information about the Group’s operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 Segment Reporting.

The adoption of the above FRS did not result in any substantial change to the Group’s accounting policies nor any significant impact on the financial statements.

**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.

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.

	1.7.2009 to 30.6.2010	1.7.2008 to 30.6.2009	1.4.2010 to 30.6.2010	1.4.2009 to 30.6.2009
Based on weighted average number of ordinary shares on issue (RMB)	1.13	1.13	0.14	0.29
Weighted average number of shares (in thousands)	324,886	254,040	537,423	254,040

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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.

The weighted average numbers of shares for the respective 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. share options) are assumed to have been converted into ordinary shares at the beginning of the respective periods.

	1.7.2009 to 30.6.2010	1.7.2008 to 30.6.2009	1.4.2010 to 30.6.2010	1.4.2009 to 30.6.2009
On a fully diluted basis (RMB)	1.09	1.08	0.13	0.28
Weighted average number of shares (in thousands)	336,400	265,554	548,937	265,554

**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 Company for the respective periods and the post-Offering share capital of the Company, plus the dilutive potential ordinary shares in ordinary shares and were assumed to be in issued throughout the entire periods presented.

	1.7.2009 to 30.6.2010	1.7.2008 to 30.6.2009	1.4.2010 to 30.6.2010	1.4.2009 to 30.6.2009
On a proforma basis (RMB)	0.67	0.52	0.13	0.14
Proforma number of shares (in thousands)	549,079	549,079	549,079	549,079

**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	
	30.6.2010	30.6.2009	30.6.2010	30.6.2009
Net asset value per ordinary share based on issued share capital at the end of the respective periods (RMB):	4.26	7,869	1.69	352
No. of shares in computing NAV (in thousands)	537,423	127	537,423	127

**Proforma basis net assets value per ordinary share**

For comparative purposes, proforma basis net asset value per share are calculated by dividing the net asset value as at 30 June 2010 and as at 30 June 2009 (adjusted for gross IPO proceeds), and the post-Offering share capital of the Company and were assumed to be in issued throughout the entire periods presented.

	Group		Company	
	30.6.2010	30.6.2009	30.6.2010	30.6.2009
Net asset value per ordinary share based on issued share capital at the end of the respective periods (RMB):	4.26	3.16	1.69	1.38
No. of shares in computing NAV (in thousands)	537,423	537,423	537,423	537,423

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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**

###### **(FY2010 vs FY2009)**

Our revenue increased by 34.5% or RMB364.8 million, to RMB1,422.6 million (FY2009: RMB1,057.8 million). This was due to the increase in sales of our processed products and fresh vegetables produce.

Revenue from processed products increased by 33.0% or RMB238.7 million, to RMB962.5 million (FY2009: RMB723.8 million). This was attributable to (i) a 56.8% aggregate increase in sales volume of our air-dried, brined and freeze-dried products from 8,318 tonnes, to 22,953 tonnes (FY2009: 14,635 tonnes), and (ii) a shift towards a portfolio of higher-value processed products, which increased our overall processed products average selling prices by 35.4%. These were largely attributable to an increase in sales of our air-dried products (i.e. higher value product category) by 103.2% or RMB161.8 million, to RMB318.5 million (FY2009: RMB156.7 million). The top three vegetables species sold by us under the air-dried products category were capsicum (47.0%), champignon mushroom (26.8%) and chive (19.0%).

Revenue from fresh vegetables produce increased by 37.7% or RMB126.0 million, to RMB460.0 million (FY2009: RMB334.0 million). The increase in revenue was mainly attributable to (i) the increase in our cultivation volume by 24.8% or 27,228 tonnes, to 137,100 tonnes (FY2009: 109,872 tonnes) and (ii) the shift towards a higher value fresh vegetables produce portfolio, such as mushrooms and king oyster mushrooms, which attract relatively higher selling prices.

###### **(4QFY2010 vs 4QFY2009)**

Our revenue increased by 18.5% or RMB44.8 million, to RMB286.2 million (4QFY2009: RMB241.4 million). This was due to the increase in sales of our processed products and fresh vegetables produce.

Revenue from processed products increased by 11.6% or RMB20.6 million, to RMB199.1 million (4QFY2009: RMB178.5 million). This was due to the shift towards a portfolio of higher-value processed products, which increased average selling prices by 79.5%.

Revenue from fresh vegetables produce increased by 38.4% or RMB24.2 million, to RMB87.1 million (4QFY2009: RMB62.9 million), due to (i) the increase in our cultivation volume by 14.8% or 2,962 tonnes, to 23,028 tonnes (4QFY2009: 20,066 tonnes) and (ii) the shift towards a higher-value fresh vegetables produce portfolio, such as mushrooms and king oyster mushrooms, which attract relatively higher selling prices.

# **CHINA MINZHONG FOOD CORPORATION LIMITED**

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### **REVIEW OF PERFORMANCE (Continued)**

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

##### **2. Gross Profit**

###### **(FY2010 vs FY2009)**

Our gross profit increased by 35.6% or RMB150.7 million, to RMB574.3 million (FY2009: RMB423.6 million), in tandem with the increase in our revenue. Our overall gross profit margin remained relatively stable during the period.

Gross profit from processed products increased by 17.4% or RMB46.8 million, to RMB316.6 million (FY2009: RMB269.8 million). The increase in our processed products gross profit was attributable to the increase in sales volume of our air-dried, brined and freeze-dried products.

Gross profit from fresh vegetables produce increased by 67.5% or RMB103.9 million, to RMB257.7 million (FY2009: RMB153.8 million). This was attributable to (i) increase in revenue due to increase in our cultivation volume, and (ii) an improved gross profit margin of our fresh vegetables produce to 56.0% (FY2009: 46.1%).

###### **(4QFY2010 vs 4QFY2009)**

Our gross profit increased by 23.3% or RMB24.2 million, to RMB127.9 million (4QFY2009: RMB103.7 million), in tandem with the increase in revenue. Our overall gross profit margin also improved by 1.8% to 44.7% (4QFY2009: 42.9%).

Both increases were attributable to (i) a higher revenue contribution from an increase in our cultivation volume, and (ii) an improvement in gross profit margins of our fresh vegetables produce to 68.7% (4QFY2009: 50.6%), boosted by lower cultivation costs as new bases reached maturity.

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

###### **(FY2010 vs FY2009)**

We experienced loss on fair value of biological assets for FY2010, amounting to RMB15.2 million, as compared to gain on fair value of biological assets for FY2009, amounting to RMB9.0 million. This was mainly attributable to the downward adjustment in our forecasted sale prices of bamboo shoots from the bamboo plantation as at 30 June 2010, which resulted in the fair value of non-current biological assets falling to RMB174.8 million (30 June 2009: RMB190.0 million).

###### **(4QFY2010 vs 4QFY2009)**

We experienced loss on fair value of biological assets for 4QFY2010, amounting to RMB3.2 million, as compared to gain on fair value of biological assets for 4QFY2009, amounting to RMB2.3 million. This was mainly attributable to the spring shoot yield which did not fall in line with the other produce during the period. Hence, the projected yields over the next few years for winter shoots and bamboo material were reduced to bring the ecological balance of the Bamboo Plantation back in line, resulting in a lower fair value of non-current biological assets to RMB174.8 million (31 March 2010: RMB178.0 million).

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**REVIEW OF PERFORMANCE (Continued)**

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

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

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

	As at 30.6.2010	As at 30.6.2009
	RMB'000	RMB'000
<b>At beginning of year</b>	<b>201,449</b>	<b>191,207</b>
Increase due to plantation	211,349	181,395
Decrease due to harvest	(202,298)	(180,153)
(Loss) / gain arising from changes in fair value less estimated point-of-sale costs	(15,200)	9,000
<b>At end of period/year</b>	<b>195,300</b>	<b>201,449</b>

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 30.6.2009</b>			
Non-current portion	190,000	-	190,000
Current portion	-	11,449	11,449
<b>Total</b>	<b>190,000</b>	<b>11,449</b>	<b>201,449</b>
<b>As at 30.6.2010</b>			
Non-current portion	174,800	-	174,800
Current portion	-	20,500	20,500
<b>Total</b>	<b>174,800</b>	<b>20,500</b>	<b>195,300</b>

**4. Other income, net**

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 following table provides a breakdown of our net other income:

Other income, net	1.7.2009 to 30.6.2010	1.7.2008 to 30.6.2009	1.4.2010 to 30.6.2010	1.4.2009 to 30.6.2009
Rental income	4,587	3,725	1,793	931
Government grants	3,656	2,843	472	666
Reversal of other payables	149	1,552	149	161
Gain in disposal of assets	635	-	635	-
Other income, net	401	534	72	882
<b>Total</b>	<b>9,428</b>	<b>8,654</b>	<b>3,121</b>	<b>2,640</b>



# CHINA MINZHONG FOOD CORPORATION LIMITED

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## REVIEW OF PERFORMANCE (Continued)

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

#### 5. Selling and distribution expenses

##### (FY2010 vs FY2009)

Selling and distribution expenses increased by 174.5% or RMB13.1 million, to RMB20.6 million (FY2009: RMB7.5 million). This was due to (i) an increase in payroll cost as a result of higher sales and distribution staff headcount from the expansion of the Group's businesses; (ii) an increase in transportation cost in line with higher sales; and (iii) an increase in marketing and advertising expenses relating to promotion of our brand domestically.

##### (4QFY2010 vs 4QFY2009)

Selling and distribution expenses increased by 344.8% or RMB7.9 million, to RMB10.2 million (4QFY2009: RMB2.3 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

##### (FY2010 vs FY2009)

Administrative expenses increased by 34.2% or RMB20.5 million, to RMB80.4 million (FY2009: RMB59.9 million). The increase is mainly due to (i) IPO-related expenses of RMB11.7 million (non-recurring in nature); and (ii) an increase in payroll cost from non-cash share option expenses amortised over the vesting life of the options.

##### (4QFY2010 vs 4QFY2009)

Administrative expenses rose 51.8% or RMB6.9 million, to RMB20.2 million (4QFY2009: RMB13.3 million) from an increase mainly due to IPO-related expenses (non-recurring in nature).

#### 7. Other expenses, net

Other expenses comprised mainly of written-off obsolete inventories and other receivables, as well as allowance for net exchange loss/(gain).

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

Other expenses, net	1.7.2009 to 30.6.2010	1.7.2008 to 30.6.2009	1.4.2010 to 30.6.2010	1.4.2009 to 30.6.2009
Obsolete inventories written off	1,558	3,777	1,558	308
Other receivables written off (non-trade)	802	8	802	-
Exchange loss / (gain), net	8,203	3,861	7,579	(1,009)
Other expenses / (income), net	352	3,391	51	9
<b>Total</b>	<b>10,915</b>	<b>11,037</b>	<b>9,990</b>	<b>(692)</b>

# CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

## REVIEW OF PERFORMANCE (Continued)

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

#### 8. Financial Expenses, Net

##### (FY2010 vs FY2009)

Our finance cost increased by 25.1% or RMB4.8 million, to RMB23.9 million (FY2009: RMB19.1 million). This is mainly attributable to higher interest expenses from higher bank borrowings during the financial year to fund our working capital needs.

##### (4QFY2010 vs 4QFY2009)

Our finance cost decreased by 24.8% or RMB1.3 million, to RMB4.0 million (4QFY2009: RMB5.3 million). This is due to the amortised interest on convertible bonds and loan, amounting to RMB4.4 million during 4QFY2009 (4QFY2010: NIL), which resulted from the conversion of convertible bonds and loan on 23 March and 1 April 2010 respectively; and net against increase in interest expenses due to increased bank borrowings during the period to fund our working capital needs.

#### 9. Profit before income tax

##### (FY2010 vs FY2009)

Profit before income tax increased by 25.9% or RMB89.1 million, to RMB432.7 million (FY2009: RMB343.6 million) in tandem with higher gross profit. The profit before income tax margin decreased marginally from 32.5% in FY2009 to 30.4% in FY2010 mainly due to the loss on change in fair value of biological assets, net exchange loss and IPO expenses (non-recurring in nature). Excluding the non-recurring losses and expenses, our profit before income tax margin would have improved to 32.9% in FY2010, from 32.2% in FY2009.

##### (4QFY2010 vs 4QFY2009)

Profit before income tax decreased by 5.6% or RMB5.0 million, to RMB83.4 million (4QFY2009: RMB88.4 million) in tandem with higher gross profit. The profit before income tax margin decreased from 36.6% in 4QFY2009 to 29.1% in 4QFY2010 mainly due to the loss on change in fair value of biological assets, net exchange loss and IPO expenses (non-recurring in nature). Excluding the non-recurring losses and expenses, our profit before income tax margin would have been 33.6% in 4QFY2010 (4QFY2009: 35.4%).

#### 10. Income tax expense

##### (FY2010 vs FY2009)

Income tax expense increased by 17.3% or RMB9.7 million, to RMB65.2 million (FY2009: RMB55.5 million) in line with the increase in profit before income tax. Our effective tax rate decreased to 15.1% in FY2010 (FY2009: 16.2%), due to a higher proportion of processed products sales during the financial year that was sold through a subsidiary of the Group that is still enjoying incentive tax rate and higher proportion of sales of fresh vegetables produce which is tax-exempted.

# CHINA MINZHONG FOOD CORPORATION LIMITED

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## REVIEW OF PERFORMANCE (Continued)

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

#### 10. Income tax expense (Continued)

##### (4QFY2010 vs 4QFY2009)

Income tax expense decreased by 24.6% or RMB3.4 million, to RMB10.5 million (4QFY2009: RMB13.9 million) in line with the decrease in profit before income tax. Our effective tax rate decreased to 12.6% in 4QFY2010 (4QFY2009: 15.7%), due to a higher proportion of processed products sales during the period that was sold through a subsidiary of the Group that is still enjoying incentive tax rate and higher proportion of sales of fresh vegetables produce which is tax-exempted.

#### 11. EBITDA (excluding gain or loss on fair values of biological assets)

##### (FY2010 vs FY2009)

Our EBITDA, excluding gain or loss on fair value of our biological assets, increased by 30.3% or RMB124.6 million, to RMB535.4 million (FY2009: RMB410.8 million).

##### (4QFY2010 vs 4QFY2009)

Our EBITDA, excluding gain or loss on fair value of our biological assets, increased by 0.6% or RMB0.6 million, to RMB107.5 million (4QFY2009: RMB106.9 million). A reconciliation of the net income and EBITDA and adjusted EBITDA is as follows:

	1.7.2009 to 30.6.2010	1.7.2008 to 30.6.2009	1.4.2010 to 30.6.2010	1.4.2009 to 30.6.2009
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Net income</b>	<b>367,518</b>	<b>288,098</b>	<b>72,936</b>	<b>74,480</b>
<b>Add / (Less):</b>				
Interest expenses	12,780	6,584	4,094	938
Interest income	(275)	(136)	(126)	(55)
Amortisation of discount on convertible bonds and loan	11,436	12,684	-	4,391
Income tax expense	65,150	55,559	10,477	13,891
Depreciation of property, plant and equipment	28,175	20,489	7,165	6,755
Amortisation of land use right	984	919	180	231
Amortisation of land improvement costs	13,712	12,928	3,725	3,312
Amortisation of operating lease prepayments	24,397	25,492	6,296	5,873
Loss / (Gain) on fair value of biological assets	15,200	(9,000)	3,200	(2,250)
Amortisation of government grant	(3,656)	(2,843)	(472)	(666)
<b>EBITDA (excluding gain or loss on fair value of biological assets)</b>	<b>535,421</b>	<b>410,774</b>	<b>107,475</b>	<b>106,900</b>
<b>EBITDA margins</b>	<b>37.6%</b>	<b>38.8%</b>	<b>37.6%</b>	<b>44.3%</b>
Exchange loss / (gain), net	8,203	3,861	7,579	(1,009)
IPO-related expenses	11,748	2,238	2,061	243
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>555,372</b>	<b>416,873</b>	<b>117,115</b>	<b>106,134</b>
<b>Adjusted EBITDA margins</b>	<b>39.0%</b>	<b>39.4%</b>	<b>40.9%</b>	<b>44.0%</b>

Note (1): A 'management approach' under which adjusted EBITDA is computed on the same basis as that used for internal reporting purposes, which excludes the exchange loss mainly arises from our IPO proceeds and one-off IPO-related expenses.

# CHINA MINZHONG FOOD CORPORATION LIMITED

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## REVIEW OF PERFORMANCE (Continued)

### (B) Consolidated Balance Sheet (30 June 2009 vs 30 June 2010)

#### Non-current assets

Non-current assets decreased by approximately 3.0% or RMB24.5 million, to RMB780.5 million (30 June 2009: RMB805.0 million). This was largely attributable to amortisation and depreciation of non-current assets, net of capital expenditure on operating lease prepayments, land improvement, and property, plant and equipment for further expansion of our production capacity.

#### Current assets

Current assets increased by 159.2% or RMB985.2 million, to RMB1,604.0 million (30 June 2009: RMB618.8 million). This was largely attributable to the increase in cash and bank balances by RMB961.9 million a result of our increasing revenue and proceeds from issuance of new shares through IPO.

#### Non-current liabilities

Non-current liabilities comprised government grants and long term bank loans, which remained relatively stable at RMB17.4 million as at 30 June 2010 (30 June 2009: RMB17.3 million).

#### Current liabilities

Current liabilities comprised mainly bank term loans, income tax liabilities and trade and non-trade payables. Current liabilities decreased by 80.3% or RMB327.0 million, to RMB80.2 million (30 June 2009: RMB407.2 million). This was largely attributable to (i) decrease in bank term loans by RMB152.8 million, to RMB10.0 million as of 30 June 2010 (FY2009: RMB162.8 million), (ii) decrease in the carrying value of our convertible bonds and loan by RMB205.7 million a result of conversion of convertible bonds and loan to equity in FY2010; net increase in income tax liabilities and payables and accruals by RMB9.7 million and RMB19.7 million respectively. The increase in our payables and accruals was mainly due to payables in relation to our IPO activities.

#### Working capital days

	FY2010	FY2009
<u>Working Capital Days</u>	(Days)	(Days)
Trade Receivables Turnover Days	49	50
Trade Payables Turnover Days	3	4
Inventory Turnover Days	15	29

Our trade receivables and trade payables turnover in days remained relatively stable at 49 days (FY2009: 50 days) and 3 days (FY2009: 4 days) respectively.

The decreasing trend of inventory turnover in days was mainly due to general improvement in our inventory management during the period.

# **CHINA MINZHONG FOOD CORPORATION LIMITED**

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### **(C) Consolidated Cash Flow Statement**

#### **FY2010**

For FY2010, we recorded a net cash inflow from operating activities of RMB610.6 million. This comprised cash generated from operating activities before changes in working capital of RMB548.4 million, working capital inflow of RMB117.3 million, and net of cash outflow amounting to RMB55.1 million from interest and income tax paid. The net working capital inflow was impacted by:

- (a) a decrease in trade and non-trade receivables of RMB100.3 million;
- (b) a decrease in trade and non-trade payables of RMB21.7 million; and
- (c) net of an increase in inventories of RMB4.7 million.

For FY2010, net cash used in investing activities of RMB188.8 million was mainly due to the following:

- (a) acquisition of new property, plant and equipment and constructing of new factories in Fujian Province and Tianjin City amounting to RMB118.0 million, which was mainly for the expansion of our production facilities in Fujian Province;
- (b) cost incurred on land improvement amounting to RMB41.0 million, mainly for cultivation bases in Sichuan Province and Fujian Province; and
- (c) leasing of farmlands amounting to RMB23.4 million, in Fujian Province;

For FY2010, net cash inflows from financing activities was RMB544.9 million, which was mainly attributable to the net IPO proceeds amounting to RMB691.3 million, net repayment of short term bank loans, amounting to RMB152.8 million to Agricultural Bank of China, China Construction Bank and OCBC Bank (China) Limited, Xiamen Branch.

#### **4QFY2010**

For the 3 months ended 30 June 2010, we recorded a net cash inflow from operating activities of RMB384.7 million. This comprised cash generated from operating activities before changes in working capital of RMB108.4 million, working capital inflow of RMB303.5 million, and net of cash outflow amounting to RMB27.2 million from interest and income tax paid. The net working capital inflow was a result of:

- (a) a decrease in trade and non-trade receivables of RMB335.6 million mainly due to collection of our trade receivables during 4QFY2010 on the sales in Q3FY2010; and
- (b) offset by an increase in trade and non-trade payables of RMB31.8 million.

For the 3 months ended 30 June 2010, net cash used in investing activities of RMB120.1 million was mainly for acquisition of property, plant and equipment, construction of new factories, cost incurred on land improvement, and leasing of farmlands.

For the 3 months ended 30 June 2010, net cash inflows from financing activities was RMB464.9 million, which was mainly due to the following:

- (a) net IPO proceeds received amounting to RMB691.3 million; and
- (b) net repayment of short term bank loans amounting to RMB223.0 million.

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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.**

Global consumption demand for both fresh vegetables and processed vegetables is rising. This is underpinned by, among others, rising urbanisation and consumer income with consumers demanding a greater and more varied choice of vegetables, global population growth which increases the market size, and a shift towards preference for healthy dietary eating habits which involve higher vegetable consumption.

The emergence of the PRC as an increasingly important vegetables supplier to the world will enable us to enjoy continued growth in the demand for our processed vegetables in overseas markets, in particular, in our main markets of the Americas, Asia and Europe. Domestically, we are also benefiting from the growing demand for fresh quality vegetables from increasing urbanisation, rising affluence and steady population growth.

The Group will continue to maintain our reputable track record and build on our established customer base, certified product quality and extensive product portfolio and processing capabilities. With our strong cash position, we are well-positioned to fund our expansion plans and take advantage of this growth trend.

Barring any unforeseen circumstances, the Board is cautiously optimistic of the Group's performance.

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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 providing several personal guarantees to secure banking facilities extended to our Group, namely our Fujian Minzhong Organic Food Co., Ltd. by the Agricultural Bank of China and OCBC Bank (China) Limited, Xiamen Branch, details as set out below:

<b>Expiry date of the guarantee</b>	<b>Amount Guaranteed ('million)</b>	<b>Drawdown as of 30.06.2010 ('million)</b>	<b>Lender</b>
11 June 2011	RMB32.0	-	Agricultural Bank of China
6 August 2010	RMB13.0	-	Agricultural Bank of China
Till the termination of the credit facilities granted commencing from 16 May 2008	RMB82.0	-	OCBC Bank (China) Limited, Xiamen Branch
<b>Total</b>	<b>RMB127.0</b>	<b>-</b>	

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**14. A breakdown of sales as follows:-**

	FY2010 RMB'000	FY2009 RMB'000	Increase %
(a) Sales reported for first half year	612,263	431,546	41.9
(b) Operating profit after tax before deducting minority interests reported for first half year	145,235	95,606	66.6
(c) Sales reported for second half year	810,294	626,289	29.4
(d) Operating profit after tax before deducting minority interests reported for second half year	222,283 <sup>(2)</sup>	192,492	15.5

Note (2): 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 products
- Fresh produce

(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 segments

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.

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)**

2010	Processed Products	Fresh Produce	Group
	RMB'000	RMB'000	RMB'000
Revenue			
External sales	962,539	460,018	1,422,557
<b>Results</b>	264,076	246,982	511,058
Unallocated expenses			(37,762)
Operating profit			473,296
Biological fair value gain/(loss)			(15,200)
Other income, net			9,428
Other expenses			(10,915)
Finance income			275
Finance expenses			(24,216)
Income tax			(65,150)
<b>Profit after tax</b>			367,518
<b>Segment assets</b>	1,523,225	656,885	2,180,110
Unallocated assets			204,350
Total assets			2,384,460
<b>Segment liabilities</b>	(71,615)	(9,938)	(81,553)
Unallocated liabilities			(16,060)
Total liabilities			(97,613)
<b>Other segment items</b>			
Capital expenditure			
- Property, plant and equipment	11,732	3,392	15,124
- Operating lease prepayments	-	23,433	23,433
- Land improvement costs	4,512	-	4,512
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)**

**(a) Operating segments (Continued)**

2009	Processed Products	Fresh Produce	Group
	RMB'000	RMB'000	RMB'000
Revenue			
External sales	723,859	333,976	1,057,835
<b>Results</b>	226,839	156,148	382,987
Unallocated expenses			(17,815)
Operating profit			365,172
Other income, net			4,793
Other expenses			(7,176)
Finance income			136
Finance expenses			(19,268)
Income tax			(55,559)
<b>Profit after tax</b>			288,098
<b>Segment assets</b>	878,381	542,432	1,420,813
Unallocated assets			2,950
Total assets			1,423,763
<b>Segment liabilities</b>	(205,523)	(5,870)	(211,393)
Unallocated liabilities			(213,017)
Total liabilities			(424,410)
<b>Other segment items</b>			
Capital expenditure			
- Property, plant and equipment	30,649	93,449	124,098
- Operating lease prepayments	30,000	-	30,000
- Land improvement costs	1,692	2,041	3,733
Depreciation and amortisation	23,537	36,291	59,828
Other non-cash expense	1,311	2,474	3,785

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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 segments**

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	
	FY2010	FY2009
	RMB'000	RMB'000
PRC	1,312,572	912,903
Other countries	109,985	144,932
	<u>1,422,557</u>	<u>1,057,835</u>

	Assets	
	FY2010	FY2009
	RMB'000	RMB'000
Singapore	204,308	344
PRC	2,180,152	1,423,419
	<u>2,384,460</u>	<u>1,423,763</u>

	Capital Expenditure	
	FY2010	FY2009
	RMB'000	RMB'000
PRC	43,069	157,831

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 paragraph 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.

BY ORDER OF THE BOARD

**LIN GUO RONG**  
 Chief Executive Officer  
 25 August 2010