

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 2012 to 30 June 2012 (“4QFY2012”) and the results for the financial year ended 30 June 2012 (“FY2012”). The comparatives are for the quarter period from 1 April 2011 to 30 June 2011 (“4QFY2011”) and the financial year ended 30 June 2011 (“FY2011”). 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					
		1.7.2011 to 30.6.2012	1.7.2010 to 30.6.2011	Change	1.4.2012 to 30.6.2012	1.4.2011 to 30.6.2011	Change
		RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	1	2,568,839	1,929,205	33.2%	803,495	416,103	93.1%
Cost of sales		(1,582,951)	(1,128,640)	40.3%	(513,645)	(251,124)	104.5%
Gross profit	2	985,888	800,565	23.1%	289,850	164,979	75.7%
Gross profit margin (%)		38.4%	41.5%	(3.1ppt)	36.1%	39.6%	(3.5ppt)
Gain / (Loss) on fair value of biological assets less estimated point of sales cost	3	(8,000)	1,200	nm	(3,600)	1,400	nm
Other income, net	4	21,592	8,054	168.1%	3,791	1,420	167.0%
Selling and distribution expenses	5	(118,728)	(56,158)	111.4%	(66,048)	(25,080)	163.3%
Administrative expenses	6	(98,700)	(80,429)	22.7%	(21,478)	(27,028)	(20.5%)
Other expenses, net	7	(20,054)	(13,537)	48.1%	(16,098)	(4,498)	>100%
Financial expenses, net	8	(35,828)	(5,899)	>100%	(15,293)	(4,039)	>100%
Profit before income tax	9	726,170	653,796	11.1%	171,124	107,154	59.7%
Income tax expense	10	(46,589)	(87,061)	(46.5%)	(105)	(10,220)	(99.0%)
Profit for the year / period		679,581	566,735	19.9%	171,019	96,934	76.4%
Net profit margin (%)		26.5%	29.4%	(2.9 ppt)	21.3%	23.3%	(2.0 ppt)
Other comprehensive income:							
Currency translation difference arising from consolidation		(1,686)	8,002	nm	(394)	363	nm
Total comprehensive income		677,895	574,737	17.9%	170,625	97,297	75.4%
Earnings per share (RMB) (Note 6)							
Basic		1.22	1.04	17.3%	0.31	0.18	72.2%
Diluted		1.22	1.04	17.3%	0.31	0.18	72.2%

nm: not meaningful

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Profit before income tax

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

	Group			
	1.7.2011 to 30.6.2012	1.7.2010 to 30.6.2011	1.4.2012 to 30.6.2012	1.4.2011 to 30.6.2011
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation of property, plant and equipment	57,480	33,836	19,271	10,332
Write off of plant and equipment	1,277	-	7	-
Loss on disposal of plant and equipment	440	604	-	-
Amortisation of land use rights	2,757	2,438	625	616
Amortisation of land improvement costs	64,222	34,201	18,325	13,493
Amortisation of operating lease prepayments	67,693	43,253	16,293	17,211
Reversal of other payables	(2,359)	-	(2,359)	-
Impairment allowance for trade receivables	16,977	-	16,977	-
Loss / (Gain) on fair value of biological assets less estimated point of sales cost	8,000	(1,200)	3,600	(1,400)
Amortisation of government grant	(12,131)	(3,808)	(185)	(952)
Interest income	(353)	(439)	(180)	(39)
Interest expenses on bank term loans	35,828	6,338	15,120	4,078

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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
	30.6.2012	30.06.2011	30.6.2012	30.06.2011
	RMB'000	RMB'000	RMB'000	RMB'000
Share capital and reserves				
Share capital	1,072,268	1,072,268	1,072,268	1,072,268
Statutory reserve fund	79,007	62,497	-	-
Employees' share option reserve	1,740	-	1,740	-
Translation reserve	6,106	7,792	1,098	2,784
Accumulated profits / (losses)	2,428,201	1,765,130	(142,333)	(133,719)
TOTAL EQUITY	3,587,322	2,907,687	932,773	941,333
Non-current assets				
Deferred tax assets	6,000	-	-	-
Property, plant and equipment	1,831,968	1,113,928	-	-
Land use rights	126,500	128,287	-	-
Biological assets	168,000	176,000	-	-
Land improvement costs	347,668	215,511	-	-
Investment in subsidiaries	-	-	905,230	905,230
Operating lease prepayments	448,180	515,873	-	-
Current assets				
Land use rights	2,757	2,819	-	-
Biological assets	34,635	27,547	-	-
Inventories	104,125	53,900	-	-
Trade receivables	967,115	230,061	-	-
Due from subsidiary (trade)	-	-	25,777	-
Other receivables and prepayments	416,645	700,434	364	370
Operating lease prepayments	67,693	67,693	-	-
Cash and bank balances	66,209	162,431	5,286	54,387
	1,659,179	1,244,885	31,427	54,757
TOTAL ASSETS	4,587,495	3,394,484	936,657	959,987

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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
	30.6.2012	30.06.2011	30.6.2012	30.06.2011
	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities				
Trade payables	216,058	84,685	-	-
Other payables and accruals	126,925	44,781	3,884	14,408
Due to a subsidiary (non-trade)	-	-	-	4,246
Due to a related party (non-trade)	5,220	5,220	-	-
Bank term loans	612,630	322,130	-	-
Income tax liabilities	7,287	10,643	-	-
Government grants	3,501	1,856	-	-
	971,621	469,315	3,884	18,654
Non-current liabilities				
Government grants	24,997	12,503	-	-
Bank term loans	3,555	4,979	-	-
	28,552	17,482	-	-
TOTAL LIABILITIES	1,000,173	486,797	3,884	18,654
NET ASSETS	3,587,322	2,907,687	932,773	941,333

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

Bank term loans

	Unaudited	Audited
	30.6.2012	30.6.2011
	RMB'000	RMB'000
<u>Non-current</u>		
Non-interest bearing loan, secured	3,830	3,830
Less: Discount implicit in long-term interest free bank loan	(980)	(980)
	<hr/>	<hr/>
Fair value of interest-free bank loan at inception	2,850	2,850
Add: Amortisation of discount	705	499
	<hr/>	<hr/>
Net carrying amount at end of period	3,555	3,349
Interest bearing loan, secured	-	1,630
	<hr/>	<hr/>
	3,555	4,979
	<hr/>	<hr/>
<u>Current</u>		
Interest bearing loans:		
- Secured	29,630	21,630
- Unsecured	438,000	290,500
- Guaranteed	145,000 ^{(1) (2)}	10,000 ⁽¹⁾
	<hr/>	<hr/>
	612,630	322,130
	<hr/>	<hr/>
Total bank term loans	616,185	327,109
	<hr/>	<hr/>

Interest rates for short-term bank loans range from 6.405% to 9.184% (2011: 5.229% to 8.203%) per annum. Some of the short-term bank loans were secured by the Group's leasehold buildings, plant and machinery and land use rights.

Interest rates for long-term bank loans range from 0% to 2.4% (2011: 0% to 2.4%) per annum. Interest bearing loan of RMB1.63 million (2011: RMB3.26 million) was secured over the Group's leasehold buildings, plant and machinery and land use rights, repayable on 30 October 2012 (current). Non-interest bearing loan of RMB3.83 million is carried at amortised cost and secured over the Group's land use rights, plant and machinery and leasehold buildings, repayable on 30 October 2013 (non-current).

Note:-

(1) The CEO together with Xia Rui Peng and Putian Puhua Agricultural Trading Co is providing a personal/corporate guarantee to this banking facility extended to the Group, amounting to RMB60.0 million (2011: RMB10.0 million), out of which RMB50.0 million (2011: RMB10.0 million) was drawn-down as of 30 June 2012.

(2) Yunnan Yuanmou Minzhong Food Co., Ltd (a subsidiary company of Fujian Minzhong Organic Food Co., Ltd) is providing guarantee to secure RMB5.0 million banking facility extended to the Group, fully drawn-down. Sichuan Minzhong Organic Food Co., Ltd (a subsidiary company of China Minzhong Food Corporation Limited) is providing guarantee to secure RMB68.0 million banking facility extended to the Group, 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), 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			
	1.7.2011 to 30.6.2012	1.7.2010 to 30.6.2011	1.4.2012 to 30.6.2012	1.4.2011 to 30.6.2011
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Profit before income tax	726,170	653,796	171,124	107,154
Adjustments for:				
Depreciation of property, plant and equipment	57,480	33,836	19,271	10,332
Write off of plant and equipment	1,277	-	7	-
Loss on disposal of plant and equipment	440	604	-	-
Amortisation of land use rights	2,757	2,438	625	616
Amortisation of land improvement costs	64,222	34,201	18,325	13,493
Amortisation of operating lease prepayments	67,693	43,253	16,923	17,211
Reversal of other payables	(2,359)	-	(2,359)	-
Impairment allowance for trade receivables	16,977	-	16,977	-
Loss / (Gain) on fair value of biological assets less estimated point of sales cost	8,000	(1,200)	3,600	(1,400)
Amortisation of government grant	(12,131)	(3,808)	(185)	(952)
Interest income	(353)	(439)	(180)	(39)
Interest expenses on bank term loans	35,828	6,338	15,120	4,078
Employees' share option value	1,740	-	-	-
Operating profit before working capital changes	967,741	769,019	259,248	150,493
Inventories	(50,225)	(31,203)	109,872	9,045
Biological assets	(7,088)	(7,047)	13,825	(1,320)
Trade receivables	(754,031)	(54,293)	(121,620)	256,679
Other receivables and prepayments	48,287	(186,526)	69,348	(208,321)
Trade payables	131,373	76,692	(229,643)	(1,041)
Other payables and accruals	81,094	53	25,106	(12,759)
Cash generated from operations	417,151	566,695	126,136	192,776
Income tax paid	(58,421)	(87,375)	(13,395)	(39,351)
Interest received	353	439	180	39
Net cash generated from operating activities	359,083	479,759	112,921	153,464

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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			
	1.7.2011 to 30.6.2012	1.7.2010 to 30.6.2011	1.4.2012 to 30.6.2012	1.4.2011 to 30.6.2011
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(640,473)	(1,001,407)	(185,392)	(507,652)
Proceeds from disposal of plant and equipment	400	18,070	-	-
Land improvement costs	(92,156)	(234,656)	2,560	(60,467)
Purchase of land use rights	(908)	(47,552)	1,047	-
Prepayment for land use rights	-	(145,000)	-	(145,000)
Additions to operating lease prepayments	-	(441,598)	-	(112,878)
Net cash used in investing activities	(733,137)	(1,852,143)	(181,785)	(825,997)
Cash flows from financing activities				
Proceeds from issuance of new shares pursuant to exercise of share options	-	46,103	-	22,913
Proceeds from bank loans	802,000	352,600	301,000	185,000
Repayment of bank loans	(513,130)	(42,100)	(270,500)	(42,100)
Government grant received	26,270	5,855	(553)	3,775
Interest paid	(35,622)	(6,132)	(15,068)	(4,026)
Pledged cash	(24,075)	-	(6,075)	-
Net cash generated from financing activities	255,443	356,326	8,804	165,562
Net (decrease) / increase in cash and cash equivalents	(118,611)	(1,016,058)	(60,060)	(506,971)
Cash and cash equivalents at beginning of year / period	162,431	1,170,487	120,588	669,039
Effect of exchange rate changes	(1,686)	8,002	(394)	363
Cash and cash equivalents at end of year / period	42,134 ⁽¹⁾	162,431	60,134 ⁽¹⁾	162,431
Cash pledged to notes payables ⁽¹⁾	24,075	-	6,075	-
Cash and cash equivalents at end of year / period per consolidated cash flow statement	66,209	162,431	66,209	162,431

Note:-

(1) RMB24.1 million cash is pledged to secure RMB110.3 million of notes payables issued by Agricultural Bank of China and China Merchants Bank as at 30 June 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.

Group	Share Capital RMB'000	Statutory reserve fund RMB'000	Employees' share option reserve RMB'000	Translation reserve / (deficit) RMB'000	Accumulated profits RMB'000	Total equity RMB'000
Balance at 1.7.2010	1,006,718	36,792	19,447	(210)	1,224,100	2,286,847
Total comprehensive income for the year	-	-	-	8,002	566,735	574,737
Issue of ordinary shares on exercising of share options	46,103	-	-	-	-	46,103
De-recognition of employees' share option reserve	19,447	-	(19,447)	-	-	-
Appropriation to statutory reserve fund	-	25,705	-	-	(25,705)	-
Balance at 30.6.2011	1,072,268	62,497	-	7,792	1,765,130	2,907,687

Group	Share Capital RMB'000	Statutory reserve fund RMB'000	Employees' share option reserve RMB'000	Translation reserve RMB'000	Accumulated profits RMB'000	Total equity RMB'000
Balance at 1.7.2011	1,072,268	62,497	-	7,792	1,765,130	2,907,687
Total comprehensive income for the year	-	-	-	(1,686)	679,581	677,895
Recognition of employees' share option reserve	-	-	1,740	-	-	1,740
Appropriation to statutory reserve fund	-	16,510	-	-	(16,510)	-
Balance at 30.6.2012	1,072,268	79,007	1,740	6,106	2,428,201	3,587,322

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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 / (deficit) RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1.7.2010	1,006,718	19,447	(5,218)	(111,311)	909,636
Total comprehensive income for the year	-	-	8,002	(22,408)	(14,406)
Issue of ordinary shares on exercising of share options	46,103	-	-	-	46,103
De-recognition of employees' share option value	19,447	(19,447)	-	-	-
Balance at 30.6.2011	1,072,268	-	2,784	(133,719)	941,333

<u>Company</u>	Share Capital RMB'000	Employees' share option reserve RMB'000	Translation reserve / (deficit) RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1.7.2011	1,072,268	-	2,784	(133,719)	941,333
Total comprehensive income for the year	-	-	(1,686)	(8,614)	(10,300)
Recognition of employees' share option value	-	1,740	-	-	1,740
Balance at 30.6.2012	1,072,268	1,740	1,098	(142,333)	932,773

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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.

FY2012

There has been no change to the issued and paid-up capital of the Company for the financial year ended 30 June 2012.

FY2011

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

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

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

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	Number of Shares	(\$'000)
Share Capital as at 30 June 2011 and 30 June 2012	-	557,439,000	219,629

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.

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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 2011.

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

	1.7.2011 to 30.6.2012	1.7.2010 to 30.6.2011	1.4.2012 to 30.6.2012	1.4.2011 to 30.6.2011
Based on weighted average number of ordinary shares on issue (RMB)	1.22	1.04	0.31	0.18
Weighted average number of shares (in thousands)	557,439	543,001	557,439	551,047

Diluted earnings per share

Diluted earnings per share are calculated by dividing the profit attributable to equity holders of the Group for the respective periods and the weighted average number of shares, adjusted for the effects of all dilutive ordinary shares. In the current financial year/period, the Group does not have any potential dilutive instruments.

	1.7.2011 to 30.6.2012	1.7.2010 to 30.6.2011	1.4.2012 to 30.6.2012	1.4.2011 to 30.6.2011
On a fully diluted basis (RMB)	1.22	1.04	0.31	0.18
Weighted average number of shares (in thousands)	557,439	543,001	557,439	551,047

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	
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
Net asset value per ordinary share based on issued share capital at the end of the financial year/period (RMB):	6.44	5.22	1.67	1.69
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 FY2012, FY2011, 4QFY2012 and 4QFY2011 respectively:-

	FY2012		FY2011		4QFY2012		4QFY2011	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Processed Business Segment:								
- Processed vegetables	1,451,770	56.5	1,215,295	63.0	418,323	52.0	239,422	57.5
- Others ⁽¹⁾	132,493	5.1	115,283	6.0	52,719	6.6	46,601	11.2
Subtotal	1,584,263	61.6	1,330,578	69.0	471,042	58.6	286,023	68.7
Cultivation Business Segment:								
- Fresh vegetables produce	870,176	33.9	510,026	26.4	332,453	41.4	130,080	31.3
- Mushroom spores ⁽²⁾	114,400	4.5	88,601	4.6	-	-	-	-
Subtotal	984,576	38.4	598,627	31.0	332,453	41.4	130,080	31.3
Total revenue	2,568,839	100.0	1,929,205	100.0	803,495	100.0	416,103	100.0

Note:-

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

(2) Sales of mushroom spores

1.1 Revenue (FY2012 vs FY2011)

Our revenue increased by 33.2% or RMB639.6 million, to RMB2,568.8 million (FY2011: RMB1,929.2 million). This was mainly due to the increase in sales of our processed vegetables and fresh vegetables produce.

Revenue from processed vegetables increased by 19.5% or RMB236.5 million, to RMB1,451.8 million (FY2011: RMB1,215.3 million), was mainly due to increased revenue from brined and fresh-packed product categories by 68.2% or RMB222.8 million and 32.0% or RMB88.6 million respectively, attributing to strong demands from the North and South American and Asian markets.

Revenue from other processed products increased by 14.9% or RMB17.2 million, to RMB132.5 million (FY2011: RMB115.3 million). The increase in our other processed products was attributed to an increase in our sales volume, mainly due to strong domestic demands for our branded products such as vegetable and fruit beverages.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

1.1 Revenue (FY2012 vs FY2011) (Continued)

Revenue from fresh vegetables produce increased by 70.6% or RMB360.2 million, to RMB870.2 million (FY2011: RMB510.0 million), due to the increase in our cultivation volume by 66.1% or 82,152 tonnes, to 206,411 tonnes (FY2011: 124,259 tonnes). The improved cultivation volume was attributable to **(i)** improved yield by 24.4% to approximately RMB17,550 per mu (FY2011: RMB14,110 per mu), arising from our maturing farmland and our expansion into industrial farming, and **(ii)** more farmlands in cultivation during FY2012, amounting to 59,507 mu as at 30 June 2012 (30 June 2011: 37,261 mu).

Revenue from trading mushroom spores increased by 29.1% or RMB25.8 million, to RMB114.4 million (FY2011: RMB88.6 million), due to healthy order books for our champignon mushroom. Our brined champignon mushroom sales had increased by approximately 42% or RMB138.3 million, to RMB464.8 million (FY2011: RMB326.5 million).

1.2 Revenue (4QFY2012 vs 4QFY2011)

The arrival of the winter season, whose cool temperature is essential for the cultivation of our peak season crops, such as champignon mushrooms, was delayed in this financial year. This resulted in a shift in our operating peak season from the months of “December to April” in normal years to “January to May” in this financial year. Hence, our 4QFY2012 has accounted for a larger proportion of sales in this financial year, of approximately 30% (4QFY2011: approximately 20%).

Our revenue increased by 93.1% or RMB387.4 million, to RMB803.5 million (4QFY2011: RMB416.1 million). This was due to the increase in our processed vegetables and fresh vegetables produce sales.

Revenue from processed vegetables increased by 74.7% or RMB178.9 million, to RMB418.3 million (4QFY2011: RMB239.4 million), was mainly due to increase in our brined champignon mushroom sales, as a result of sales rollover into 4QFY2012 because of the late winter.

Revenue from other processed products increased by 13.1% or RMB6.1 million, to RMB52.7 million (4QFY2011: RMB46.6 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 vegetable and fruit beverages.

Revenue from fresh vegetables produce increased by 155.6% or RMB202.4 million, to RMB332.5 million (4QFY2011: RMB130.1 million), due to the increase in our cultivation volume by 114.8% or 37,892 tonnes, to 70,894 tonnes (4QFY2011: 33,002 tonnes). The improved cultivation volume was attributable to **(i)** improving yield from our maturing farmland and our expansion into industrial farming, and **(ii)** more farmlands in cultivation during FY2012, amounting to 59,507 mu as at 30 June 2012 (30 June 2011: 37,261 mu).

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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 FY2012, FY2011, 4QFY2012 and 4QFY2011 respectively:-

	FY2012		FY2011		4QFY2012		4QFY2011	
	RMB' mil	%	RMB' mil	%	RMB' mil	%	RMB' mil	%
Processed Business Segment:								
- Processed vegetables	461,488	46.8	438,607	54.8	83,177	28.7	86,795	52.6
- Others ⁽¹⁾	7,638	0.8	19,107	2.4	5,302	1.8	6,025	3.7
Subtotal	469,126	47.6	457,714	57.2	88,479	30.5	92,820	56.3
Cultivation Business Segment:								
- Fresh vegetables produce	499,162	50.6	322,669	40.3	201,371	69.5	72,159	43.7
- Mushroom spores ⁽²⁾	17,600	1.8	20,182	2.5	-	-	-	-
Subtotal	516,762	52.4	342,851	42.8	201,371	69.5	72,159	43.7
Total gross profit	985,888	100.0	800,565	100.0	289,850	100.0	164,979	100.0

Note:-

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

(2) Sales of mushroom spores

2.1 Gross Profit (FY2012 vs FY2011)

Our gross profit increased by 23.1% or RMB185.3 million, to RMB985.9 million (FY2011: RMB800.6 million), in tandem with the increase in our revenue. Our overall gross profit margin has declined by 3.1 ppt to 38.4% (FY2010: 41.5%).

Our gross profit from processed vegetables increased by 5.2% or RMB22.9 million, to RMB461.5 million (FY2011: RMB438.6 million), in tandem with the increase in revenue. Our overall gross profit margin for processed vegetables has declined by 4.3 ppt to 31.8% (FY2010: 36.1%). The declined gross profit margin was mainly due to higher raw materials costs for brined and freeze-dried product categories, where raw materials cost (i.e. fresh vegetables) accounts for approximately 80% of total processing cost.

Our gross profit from fresh vegetables produce increased by 54.7% or RMB176.5 million, to RMB499.2 million (FY2011: RMB322.7 million). The increase in our fresh vegetables produce gross profit was attributable to revenue growth underpinned by an increase in our cultivation volume.

Our gross profit from trading mushroom spores decreased by 12.8% or RMB2.6 million, to RMB17.6 million (FY2011: RMB20.2 million). The decrease in our gross profit from trading mushroom spores was due to higher cost of supplies, resulting in our overall gross profit margin for trading mushroom spores to decline by 7.4 ppt to 15.4% (FY2011: 22.8%).

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REVIEW OF PERFORMANCE (Continued)

(B) Consolidated Income Statement (Continued)

2.2 Gross Profit (4QFY2012 vs 4QFY2011)

Our gross profit increased by 75.7% or RMB124.9 million, to RMB289.9 million (4QFY2011: RMB165.0 million), was mainly due to increase gross profit from fresh vegetable produce.

Our gross profit from fresh vegetable produce increased by 179.1% or RMB129.2 million, to RMB201.4 million (4QFY2011: RMB72.2 million), was attributable to revenue growth underpinned by an increase in our cultivation volume, with increased gross profit margin by 5.1 ppt to 60.6% (4QFY2011: 55.5%) and increased average selling price on our portfolio of fresh vegetables produce by approximately 19%.

Our gross profit from processed vegetables decreased by 4.2% or RMB3.6 million, to RMB83.2 million (4QFY2011: RMB86.8 million), was mainly due to the declined gross profit margin for processed vegetables by 16.4 ppt to 19.9% (4QFY2011: 36.3%), attributable to higher raw materials cost (i.e. fresh vegetables).

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

We experienced loss on fair value of biological assets in FY2012, amounting to RMB8.0 million. The actual operational result from July 2011 to June 2012 was approximate to the projections of revenue and anticipated costs associated with the biological assets as projected. Therefore, we do not experience material change in the carrying amount of biological assets as at 30 June 2012, and the loss was due to natural progression over the remaining lease term of the bamboo plantation.

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

	As at 30.6.2012 RMB'000	As at 30.6.2011 RMB'000
At beginning of year	203,547	195,300
Increase due to plantation	378,104	194,404
Decrease due to harvest	(371,016)	(187,357)
(Loss) / Gain arising from changes in fair value less estimated point-of-sale costs	(8,000)	1,200
At end of year	202,635	203,547

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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)

The analysis of the above is as follows:

Carrying value of biological assets	Bamboo shoots and trees RMB'000	Vegetables RMB'000	Total RMB'000
As at 30.6.2011			
Non-current portion	176,000	-	176,000
Current portion	-	27,547	27,547
Total	176,000	27,547	203,547
As at 30.6.2012			
Non-current portion	168,000	-	168,000
Current portion	-	34,635	34,635
Total	168,000	34,635	202,635

4. Other income, net

FY2012 vs FY2011

Other income comprised mainly government grants amortisation (which was mainly received as a subsidy to our interest expenses and capital expenditure) and rental income from leasing farmlands to third parties.

	FY2012 RMB'000	FY2011 RMB'000
Other income, net		
Government grants	12,131	3,808
Rental income, net	6,432	4,713
Reversal of other payables	2,359	-
Others	670	108
Loss on disposal of scraps materials, net	-	(575)
Total	21,592	8,054

5. Selling and distribution expenses

FY2012 vs FY2011

Selling and distribution expenses increased by 111.4% or RMB62.6 million, to RMB118.7 million (FY2011: RMB56.1 million). The increase was mainly due to (i) an increase in shipping and transportation expenses, amounting to RMB9.9 million, in line with higher sales; and (ii) an increase in marketing and advertising expenses related to promotion of our brand-name domestically, amounting RMB49.4 million.

CHINA MINZHONG FOOD CORPORATION LIMITED

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

5. Selling and distribution expenses (Continued)

4QFY2012 vs 4QFY2011

Selling and distribution expenses increased by 163.3% or RMB41.0 million, to RMB66.1 million (4QFY2011: RMB25.1 million), was mainly due an increase in marketing and advertising expenses related to promotion of our brand-name domestically, amounting to RMB38.8 million.

6. Administrative expenses

FY2012 vs FY2011

Administrative expenses increased by 22.7% or RMB18.3 million, to RMB98.7 million (FY2011: RMB80.4 million), was mainly due to **(i)** an increase in non-cash amortisation of upfront payments for the farmlands not used for own cultivation during FY2012 and **(ii)** an increase in payroll cost and professional expenses, as a result of the Group's business expansion.

4QFY2012 vs 4QFY2011

Administrative expenses decreased by 20.5% or RMB5.5 million, to RMB21.5 million (4QFY2011: RMB27.0 million), was mainly due to farmlands formerly not used for own cultivation during 9MFY2012, have commenced cultivation during Q4FY2012. Therefore, amortisation of upfront payments for these farmlands was charged as cost of sales, instead of administrative expenses.

7. Other expenses, net

Other expenses increased by 48.1% or RMB6.5 million, to RMB20.0 million (FY2011: RMB13.5 million), was mainly due to impairment allowance for trade receivables amounting to RMB17.0 million (FY2011: NIL), net of decrease in our exchange loss by RMB10.8 million to RMB0.5 million (FY2011: RMB11.3 million) because of the non-recurring exchange differences on conversion of IPO proceeds to RMB during FY2011 (FY2012: NIL).

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

Other expenses, net	FY2012 RMB'000	FY2011 RMB'000
Impairment allowance for trade receivables	16,977	-
Loss on disposal of scraps materials, net	970	-
Exchange loss, net	488	11,286
Loss on disposal of property, plant and equipment	440	604
Others	1,179	1,647
Total	20,054	13,537

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

8. Financial expenses, net

FY2012 vs FY2011

Our finance cost increased by 507.4% or RMB29.9 million, to RMB35.8 million (FY2011: RMB5.9 million). This was due to increased bank borrowings during the year to fund our working capital needs.

4QFY2012 vs 4QFY2011

Our finance cost increased by 278.6% or RMB11.3 million, to RMB15.3 million (4QFY2011: RMB4.0 million). This was due to increased bank borrowings during the period to fund our working capital needs.

9. Profit before income tax

FY2012 vs FY2011

Profit before income tax increased by 11.1% or RMB72.4 million, to RMB726.2 million (FY2011: RMB653.8 million) in tandem with higher gross profit. The profit before income tax margin declined by 5.6 ppt, to 28.3% (FY2011: 33.9%) was mainly attributable to **(i)** higher selling and distribution expenses as discussed in note 5 above, **(ii)** higher administrative and general expenses as discussed in note 6 above, and **(iii)** higher financial expenses due to increased bank borrowings as discussed in note 8 above.

4QFY2012 vs 4QFY2011

Profit before income tax increased by 59.7% or RMB64.0 million, to RMB171.1 million (4QFY2011: RMB107.1 million) in tandem with higher gross profit. The profit before income tax margin declined by 5.6 ppt, to 28.3% (FY2011: 33.9%) was mainly attributable to **(i)** higher selling and distribution expenses as discussed in note 5 above, **(ii)** higher administrative and general expenses as discussed in note 6 above, and **(iii)** higher financial expenses due to increased bank borrowings as discussed in note 8 above.

10. Income tax expense

FY2012 vs FY2011

Income tax expense decreased by 46.5% or RMB40.5 million, to RMB46.6 million (FY2011: RMB87.1 million) was due to a higher proportion of our taxable income being tax-exempted. As a result, our effective tax rate decreased to 6.3% (FY2011: 13.3%)

4QFY2012 vs 4QFY2011

Income tax expense decreased by 99.0% or RMB10.1 million, to RMB0.1 million (4QFY2011: RMB10.2 million) was due to over accrual for income tax liabilities as of 31 March 2012 (i.e. 9MFY2012), hence the low income tax expenses recognised for 4QFY2012.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

11. EBITDA

Our EBITDA increased by 22.4% or RMB172.1 million, to RMB941.7 million for the financial year ended 30 June 2012 (FY2011: RMB769.6 million). Our EBITDA increased by 58.7% or RMB89.1 million, to RMB241.0 million for the financial period ended 30 June 2012 (4QFY2011: RMB151.9 million).

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

	FY2012 RMB'000	FY2011 RMB'000	4QFY2012 RMB'000	4QFY2011 RMB'000
Net income	679,581	566,735	171,019	96,934
Add / (Less):				
Interest expenses on bank term loans	35,828	6,338	15,120	4,078
Interest income	(353)	(439)	(180)	(39)
Income tax expense	46,589	87,061	105	10,220
Depreciation of property, plant and equipment	57,480	33,836	19,271	10,332
Amortisation of land use right	2,757	2,438	625	616
Amortisation of land improvement costs	64,222	34,201	18,325	13,493
Amortisation of operating lease prepayments	67,693	43,253	16,923	17,211
Amortisation of government grant	(12,131)	(3,808)	(185)	(952)
EBITDA	941,666	769,615	241,023	151,893
EBITDA margins	36.7%	39.9%	30.0%	36.5%

(B) Consolidated Balance Sheet (30 June 2012 vs 30 June 2011)

Non-current assets

Non-current assets increased by approximately 36.2% or RMB778.7 million, to RMB2,928.3 million (30 June 2011: RMB2,149.6 million). This was largely attributable to the capital expenditure on land improvement costs and property, plant and equipment for further expansion of our production facilities, net of amortisation and depreciation of non-current assets.

Current assets

Current assets increased by 33.3% or RMB414.3 million, to RMB1,659.2 million (30 June 2011: RMB1,244.9 million). This was largely attributable to the **(i)** increase in our trade receivables, amounting to RMB737.1 million, and **(ii)** increase in our inventories and biological assets, amounting to RMB50.2 million and RMB7.1 million respectively, which were in tandem with the increased sales. This is offset by the **(i)** decrease in our cash and bank balances, amounting to RMB96.2 million, mainly utilised for our abovementioned capital expenditure and **(ii)** decrease in other receivables and prepayments during the year, amounting to RMB283.8 million, as we completed our phase 1 construction of our New Industrial Park.

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REVIEW OF PERFORMANCE (Continued)

(B) Consolidated Balance Sheet (30 June 2012 vs 30 June 2011) (Continued)

Non-current liabilities

Non-current liabilities comprised government grants and long term bank loans, which increased by 63.4% or RMB11.1 million to RMB28.6 million (30 June 2011: RMB17.5 million). This was largely attributable to the increase in our government grants.

Current liabilities

Current liabilities comprised mainly bank term loans, income tax liabilities and trade and non-trade payables. Current liabilities increased by 107.0% or RMB502.3 million, to RMB971.6 million (30 June 2011: RMB469.3 million). This was largely attributable to the **(i)** increase in bank term loans by RMB290.5 million to RMB612.6 million as of 30 June 2012 (FY2011: RMB322.1 million), and **(ii)** increase in trade payables and other payables by RMB213.5 million, which were in tandem with the increased sales.

Working capital days

<u>Days</u>	<u>FY2012</u>	<u>FY2011</u>	<u>4QFY2012</u>	<u>4QFY2011</u>
Trade Receivables Turnover ⁽¹⁾	85	38	34	26
Trade Payables Turnover ⁽²⁾	(35)	(15)	(19)	(10)
Inventory Turnover ⁽³⁾	26	16	12	9
Cash Conversion	76	39	27	25

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

The increasing trend of the trade receivables turnover days was mainly due to the increased trade receivables balance as at 30 June 2012, as a result of sales rollover into 4QFY2012 because of the late winter.

The increasing trend of our trade payables turnover days was mainly due to an increased need for larger purchases of fertilizers and seeds due to our expansion in farmlands, and larger purchases of fresh vegetables and other raw materials, such as packaging materials, for our expanding processed business. This was also in tandem with our needs for more purchases arose from processing activities in our New Industrial Park in Fujian Province, and new subsidiaries incorporated in Tianjin and Hubei Province. We are managing our working capital by delaying our payments to our suppliers when appropriate.

The increasing trend of our inventory turnover days was mainly due to increase in inventories by RMB50.2 million to fulfil some of our sales orders in the coming quarter.

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REVIEW OF PERFORMANCE (Continued)

(C) Consolidated Cash Flow Statement

FY2012

For FY2012, we recorded a net cash inflow from operating activities of RMB359.1 million. This comprised cash generated from operating activities before changes in working capital of RMB967.7 million, working capital outflow of RMB550.6 million, and net of cash outflow amounting to RMB58.0 million from interest and income tax paid. The net working capital inflow was a result of:

(a) an aggregated increase in trade and non-trade receivables and prepayments of RMB705.7 million, and an aggregated increase in inventories and biological assets of RMB57.3 million, which were in tandem with our revenue growth; and

(b) net of an aggregated increase in trade and non-trade payables of RMB212.4 million.

For FY2012, net cash used in investing activities of RMB733.1 million, was mainly due to the following:

(a) capital expenditure for our processing business segment, amounted to RMB641.4 million, arose due to acquiring of new property, plant and equipment and land use rights, relating to our expansion in various geographic locations (i.e. Fujian Province, Sichuan Province and Tianjin City); and

(b) capital expenditure for our cultivation business segment, amounting to RMB92.2 million, arose due to land improvement costs on cultivation bases.

For FY2012, net cash inflows from financing activities of RMB255.4 million, was due to the following:

(a) net proceeds from bank loans, amounting to RMB288.8 million, obtained from Agricultural Bank of China, Industrial Commerce Bank of China, Bank of China, OCBC Bank (China) Limited, Xiamen Branch, China CITIC Bank, Industrial Bank Co, China Merchants Bank, Tianjin Rural Cooperative Bank and China Minsheng Banking Corp Ltd, for the purpose of financing our working capital needs;

(b) government grants received, amounting to RMB26.3 million; and

(c) net of interest payment of RMB35.6 million and restricted cash of RMB24.1 million pledged to secure RMB110.3 million of notes payables issued by Agricultural Bank of China and China Merchants Bank.

4QFY2012

For the 3 months ended 30 June 2012, we recorded a net cash inflow from operating activities of RMB112.9 million. This comprised cash generated from operating activities before changes in working capital of RMB259.2 million, working capital outflow of RMB133.1 million, and net of cash outflow amounting to RMB13.2 million from interest and income tax paid. The net working capital inflow was a result of:

(a) an aggregated increase in trade and non-trade receivables and prepayments of RMB52.3 million, which was in tandem with our revenue growth;

(b) an aggregated decrease in trade and non-trade payables of RMB204.5 million; and

(c) net of a decrease inventories and biological assets of RMB123.7 million.

For the 3 months ended 30 June 2012, net cash used in investing activities of RMB181.8 million was mainly for acquiring of property, plant and equipment.

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REVIEW OF PERFORMANCE (Continued)

(C) Consolidated Cash Flow Statement (Continued)

4QFY2012 (Continued)

For the 3 months ended 30 June 2012, net cash inflows from financing activities was RMB8.8 million, which was mainly attributable to the net proceeds from bank loans, for the purpose of financing our working capital needs.

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 agricultural sector in PRC remains well supported by the government, as part of its efforts to enhance national food security and improve the livelihood of its rural population. According to the National Bureau of Statistics of China, the proportion of China's urban population rose to 51.3% as at end 2011, surpassing that of the rural area for the first time. Faced with a shrinking farming labour force to feed a growing population, the government is pushing for greater farming efficiency through the acceleration of development of modern agriculture in its latest 12th Five Year plan (2011 – 15).

While promoting more investment in the agriculture sector, the governments supports the collectivization of farmland by corporations and has exemptions on agricultural tax. In the first policy document (No. 1 Document) for 2012, the PRC government also emphasized the importance of scientific and technological innovation for sustained agricultural growth and will play a leading role in financing these innovations through grants and subsidies.

Capitalizing on the positive business environment, the Group continues to see steady demand for its vegetables products, both domestically and overseas, underpinned by population growth, rising urbanization and increased preferences for healthy dietary eating habits.

As food inflation moderates under the series of inflation-curbing measures introduced by the government, the Group also sees associated operating costs (including land, wages and raw materials) stabilizing in the short term. Going forward, the Group will be extending its focus towards increased industrialized farming (versus conventional open-field farming) which provides higher yield and better returns on investment. As the procedures for industrialized farming are more standardized and less labour intensive, this will help mitigate concerns on rising labour costs and potential labour shortages in the future.

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.

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REVIEW OF PERFORMANCE (Continued)

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 Chairmen and Executive Director, Lin Guo Rong is currently providing 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 Industrial Bank Co, details as set out below:

Expiry date of the guarantee	Amount Guaranteed ('million')	Drawdown as of 30.06.2012 ('million')	Lender
30 December 2012	RMB60.0	RMB50.0	Industrial Bank Co. Ltd.
15 March 2013	RMB10.0	Nil	Agricultural Bank of China
Total:	RMB70.0	RMB50.0	

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REVIEW OF PERFORMANCE (Continued)

14. A breakdown of sales as follows:-

	FY2012 RMB'000	FY2011 RMB'000	Increase %
(a) Sales reported for first half year	1,012,167	809,168	25.1%
(b) Operating profit after tax reported for first half year	267,812	208,657	28.4%
(c) Sales reported for second half year	1,556,672	1,120,037	39.0%
(d) Operating profit after tax reported for second half year	411,769	358,078	15.0%

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 are regularly reviewed by the Board of Directors for the purpose of resource allocation and performance assessment.

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

- Processed business segment, which is the processing and sale of processed vegetables
- Cultivation business segment, which is the production of fresh vegetable 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, lease prepayments, inventories, receivables, operating cash and short-term bank deposits. Segments liabilities comprise payables, provisions and borrowings.

(b) Geographical information

The Group operates 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 revenue. Revenue is 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

2012	Processed Business Segment	Cultivation Business Segment	Group
	RMB'000	RMB'000	RMB'000
Revenue			
External sales	1,584,263	984,576	2,568,839
Results	288,659	488,297	776,956
Unallocated expenses			(8,496)
Operating profit			768,460
Loss on fair value of biological assets less estimated point of sales costs			(8,000)
Other income, net			21,592
Other expenses, net			(20,054)
Finance expenses, net			(35,828)
Profit before income tax			726,170
Segment assets	2,821,968	1,714,994	4,536,962
Unallocated assets			50,533
Total assets			4,587,495
Segment liabilities	(902,434)	(85,812)	(988,246)
Unallocated liabilities			(11,927)
Total liabilities			(1,000,173)
Other segment items			
Capital expenditure			
- Property, plant and equipment	640,473	-	640,473
- Land use rights	908	-	908
- Land improvement costs	-	92,156	92,156
Depreciation and amortisation	60,237	131,915	192,152

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

(a) Operating segments (Continued)

2011	Processed	Cultivation	Group
	Business Segment	Business Segment	
	RMB'000	RMB'000	RMB'000
Revenue			
External sales	1,330,579	598,626	1,929,205
Results	357,534	319,310	676,844
Unallocated expenses			(12,866)
Operating profit			663,978
Gain on fair value of biological assets less estimated point of sales costs			1,200
Other income, net			8,054
Other expenses, net			(13,537)
Finance expenses, net			(5,899)
Profit before income tax			653,796
Segment assets	1,987,170	1,166,097	3,153,267
Unallocated assets			241,217
Total assets			3,394,484
Segment liabilities	(447,456)	(19,873)	(467,329)
Unallocated liabilities			(19,468)
Total liabilities			(486,797)
Other segment items			
Capital expenditure			
- Property, plant and equipment	1,001,407	-	1,001,407
- Operating lease prepayments	-	441,598	441,598
- Land use rights	192,552	-	192,552
- Land improvement costs	-	234,656	234,656
Depreciation and amortisation	36,274	77,453	113,727

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

(b) Geographical information

Revenue is based on the location of customers.

	Revenue	
	FY2012 RMB'000	FY2011 RMB'000
Overseas markets:		
Americas	106,505	146,468
Europe	38,522	35,117
Asia (excluding the PRC) and other regions ⁽¹⁾	280,860	134,796
Export distributors	1,030,211	938,619
Subtotal	1,456,098	1,255,000
PRC markets	1,112,741	674,205
Total revenue	2,568,839	1,929,205

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

Non-current assets are mainly based in the PRC.

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

See paragraphs in 8(A) above.

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

Not Applicable.

18. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

<u>Name</u>	<u>Age</u>	<u>Family relationship with any director and/or substantial shareholder</u>	<u>Current position and duties, and the year the position was held</u>	<u>Details of changes in duties and position held, if any, during the year.</u>
Huang Shu Fen	40	Wife of Mr Wang Dazhang, the Chief Operations Officer.	Department Supervisor of Fujian Minzhong Organic Food Co., Ltd. In charge of production. Appointed on July 2006.	Not Applicable.

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BY ORDER OF THE BOARD

LIN GUO RONG
Chief Executive Officer
27 August 2012