

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 January 2012 to 31 March 2012 (“3QFY2012”) and the results for the financial period from 1 July 2011 to 31 March 2012 (“9MFY2012”). The comparatives are for the quarter period from 1 January 2011 to 31 March 2011 (“3QFY2011”) and the financial period from 1 July 2010 to 31 March 2011 (“9MFY2011”). 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.

	Group					
	1.7.2011 to 31.3.2012	1.7.2010 to 31.3.2011	Change	1.1.2012 to 31.3.2012	1.1.2011 to 31.3.2011	Change
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Revenue	1,765,344	1,513,102	16.7%	753,177	703,934	7.0%
Cost of sales	(1,069,306)	(877,516)	21.9%	(442,309)	(373,027)	18.6%
Gross profit	696,038	635,586	9.5%	310,868	330,907	(6.1%)
Gross profit margin (%)	39.4%	42.0%	(2.6 ppt)	41.3%	47.0%	(5.7 ppt)
Loss on fair value of biological assets less estimated point of sales cost	(4,400)	(200)	nm	-	-	-
Other income, net	17,801	8,489	>100%	5,236	3,829	36.7%
Selling and distribution expenses	(52,680)	(31,078)	69.5%	(12,265)	(11,166)	9.8%
Administrative expenses	(77,222)	(53,402)	44.6%	(28,178)	(20,656)	36.4%
Other expenses, net	(3,956)	(10,893)	(63.7%)	(2,195)	(1,782)	23.2%
Financial expenses, net	(20,535)	(1,860)	>100%	(6,348)	(1,463)	>100%
Profit before income tax	555,046	546,642	1.5%	267,118	299,669	(10.9%)
Income tax expense	(46,484)	(76,841)	(39.5%)	(26,368)	(38,525)	(31.6%)
Profit for the period	508,562	469,801	8.3%	240,750	261,144	(7.8%)
Net Profit margin (%)	28.8%	31.0%	(2.2 ppt)	32.0%	37.1%	(5.1 ppt)
Other comprehensive income:						
Currency translation difference arising from consolidation	(1,292)	7,639	nm	843	127	nm
Total comprehensive income	507,270	477,440	6.2%	241,593	261,271	(7.5%)
Earnings per share (RMB)						
Basic	0.91	0.87	4.9%	0.43	0.48	(9.9%)
Diluted	0.91	0.86	6.4%	0.43	0.47	(8.6%)

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 31.3.2012	1.7.2010 to 31.3.2011	1.1.2012 to 31.3.2012	1.1.2011 to 31.3.2011
	RMB '000	RMB '000	RMB '000	RMB '000
Depreciation of property, plant and equipment	38,209	23,504	14,123	8,617
Loss on disposal of property, plant and equipment	440	604	440	604
Plant and equipment written off	1,270	-	1,270	-
Amortisation of land use right	2,132	1,822	714	1,287
Amortisation of land improvement costs	45,897	20,708	17,511	10,888
Amortisation of operating lease prepayments	50,770	26,042	16,924	10,471
Loss on fair value of biological assets less estimated point of sales cost	4,400	200	-	-
Amortisation of government grant	(11,946)	(4,710)	(3,043)	(2,221)
Interest income	(173)	(400)	(53)	(86)
Interest expenses	20,708	2,260	6,401	1,549
Employees' share option value	1,740	-	-	-

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

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	31.3.2012	30.6.2011	31.3.2012	30.6.2011
	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	78,681	62,497	-	-
Employees' share option reserve	1,740	-	1,740	-
Translation reserve/ (deficit)	6,500	7,792	1,491	2,784
Accumulated profits/ (losses)	2,257,508	1,765,130	(141,228)	(133,719)
TOTAL EQUITY	3,416,697	2,907,687	934,271	941,333
Non-current assets				
Property, plant and equipment	1,638,570	1,113,928	-	-
Land use right	128,110	128,287	-	-
Biological assets	171,600	176,000	-	-
Land improvement costs	362,522	215,511	-	-
Investment in subsidiaries	-	-	905,230	905,230
Operating lease prepayments	465,207	515,873	-	-
Current assets				
Land use right	2,819	2,819	-	-
Biological assets	48,460	27,547	-	-
Inventories	213,997	53,900	-	-
Trade receivables	862,472	230,061	-	-
Other receivables and prepayments	513,423	700,434	336	370
Due from a subsidiary (non-trade)	-	-	26,240	-
Operating lease prepayments	67,589	67,693	-	-
Cash and bank balances	120,588	162,431	7,383	54,387
	1,829,348	1,244,885	33,959	54,757
TOTAL ASSETS	4,595,357	3,394,484	939,189	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
	31.3.2012	30.6.2011	31.3.2012	30.6.2011
	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities				
Trade payables	445,701	84,685	-	-
Other payables and accruals	100,769	44,781	4,918	14,408
Due to a related party (non-trade)	5,220	5,220	-	-
Due to a subsidiary (non- trade)	-	-	-	4,246
Bank term loans	582,130	322,130	-	-
Income tax liabilities	12,101	10,643	-	-
Government grants	3,487	1,856	-	-
	1,149,408	469,315	4,918	18,654
Non-current liabilities				
Government grants	25,749	12,503	-	-
Bank term loans	3,503	4,979	-	-
	29,252	17,482	-	-
TOTAL LIABILITIES	1,178,660	486,797	4,918	18,654
NET ASSETS	3,416,697	2,907,687	934,271	941,333

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

Bank term loans

	Unaudited 31.3.2012	Audited 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	653	499
	<hr/>	<hr/>
Net carrying amount at end of period	3,503	3,349
Interest bearing loan, secured	-	1,630
	<hr/>	<hr/>
	3,503	4,979
	<hr/>	<hr/>
<u>Current</u>		
Interest bearing loans:		
- Secured	21,630	21,630
- Unsecured	438,000	290,500
- Guaranteed	122,500 ⁽²⁾	10,000 ⁽²⁾
	<hr/>	<hr/>
	582,130	322,130
	<hr/>	<hr/>
Total bank term loans	585,633	327,109
	<hr/>	<hr/>

Interest rates for short-term bank loans range from 6.31% to 9.2% (30 June 2011: 5.229% to 8.203%) per annum. This was 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% (30 June 2011: 0% to 2.4%) per annum. Interest bearing loan of RMB1.63 million was secured over 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 right and leasehold building, repayable on 30 October 2013 (non-current).

Note:-

(1) The CEO is providing a personal guarantee to secure RMB10.0 million banking facility extended to the Group.

(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. 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. The CEO is providing personal guarantee to secure RMB49.5 million banking facility extended to the Group.

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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 31.3.2012	1.7.2010 to 31.3.2011	1.1.2012 to 31.3.2012	1.1.2011 to 31.3.2011
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Profit before income tax	555,046	546,642	267,118	299,669
Adjustments for:				
Depreciation of property, plant and equipment	38,209	23,504	14,123	8,617
Loss on disposal of property, plant and equipment	440	604	440	604
Plant and equipment written off	1,270	-	1,270	-
Amortisation of land use rights	2,132	1,822	714	1,287
Amortisation of land improvement costs	45,897	20,708	17,511	10,888
Amortisation of operating lease prepayments	50,770	26,042	16,924	10,471
Biological assets	4,400	200	-	-
Amortisation of government grants	(11,946)	(4,710)	(3,043)	(2,221)
Interest income	(173)	(400)	(53)	(86)
Interest expense on bank term loans	20,708	2,260	6,401	1,549
Employees' share option value	1,740	-	-	-
Operating profit before working capital changes	708,493	616,672	321,405	330,778
Inventories	(160,097)	(40,248)	(73,817)	(27,889)
Biological assets	(20,913)	(5,727)	(7,800)	(4,595)
Trade receivables	(632,411)	(310,972)	(353,834)	(72,939)
Other receivables and prepayments	(21,061)	21,795	(150,494)	(8,172)
Trade payables	361,016	77,733	357,453	28,942
Other payables and accruals	55,988	12,812	40,736	9,308
Cash generated from operations	291,015	372,065	133,649	255,433
Income tax paid	(45,026)	(48,024)	(20,140)	(29,053)
Interest received	173	400	53	86
Net cash generated from operating activities	246,162	324,441	113,562	226,466

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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 31.3.2012	1.7.2010 to 31.3.2011	1.1.2012 to 31.3.2012	1.1.2011 to 31.3.2011
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(455,081)	(336,042)	(222,150)	(269,705)
Proceeds from disposal of plant and equipment	400	18,070	-	18,070
Purchase of land use rights	(1,955)	(47,552)	-	-
Land improvement costs	(94,716)	(99,379)	(2,766)	(38,591)
Prepayment for property, plant and equipment	-	(157,713)	-	(112,760)
Prepayment for land improvement costs	-	(74,810)	-	(74,810)
Additions to operating lease prepayments	-	(328,720)	-	(214,597)
Net cash used in investing activities	(551,352)	(1,026,146)	(224,916)	(692,393)
Cash flows from financing activities				
Proceeds from issuance of new shares pursuant to exercise of share options	-	23,190	-	20,573
Proceeds from bank loans	501,000	167,600	210,000	98,000
Repayment of bank loans	(242,630)	-	(33,000)	-
Government grant received	26,823	3,934	2,162	2,025
Interest paid	(20,554)	(2,106)	(6,350)	(1,498)
Pledged cash	(18,000)	-	(18,000)	-
Net cash generated from financing activities	246,639	192,618	154,812	119,100
Net increase/(decrease) in cash and cash equivalents	(58,551)	(509,087)	43,458	(346,827)
Cash and cash equivalents at beginning of period	162,431	1,170,487	58,287	1,015,739
Effect of exchange rate changes	(1,292)	7,639	843	127
Pledged cash	18,000	-	18,000	-
Cash and cash equivalents at end of period	120,588	669,039	120,588	669,039

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

<u>Group</u>	Share Capital RMB'000	Statutory reserve fund RMB'000	Employees' share option reserve RMB'000	Translation reserve RMB'000	Accumulated profits RMB'000	Total RMB'000
Balance at 1.7.2010	1,006,718	36,792	19,447	(210)	1,224,100	2,286,847
Total comprehensive income for the period	-	-	-	7,639	469,801	477,440
Issue of ordinary shares on exercising of share options	23,190	-	-	-	-	23,190
Appropriation to statutory reserve fund	-	20,737	-	-	(20,737)	-
Balance at 31.3.2011	1,029,908	57,529	19,447	7,429	1,673,164	2,787,477
Balance at 1.7.2011	1,072,268	62,497	-	7,792	1,765,130	2,907,687
Total comprehensive income for the period	-	-	-	(1,292)	508,562	507,270
Issue of ordinary shares on exercising of share options	-	-	1,740	-	-	1,740
Appropriation to statutory reserve fund	-	16,184	-	-	(16,184)	-
Balance at 31.3.2012	1,072,268	78,681	1,740	6,500	2,257,508	3,416,697

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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. (Continued)

<u>Company</u>	Share Capital RMB'000	Employees' share option reserve RMB'000	Translation reserve RMB'000	Accumulated profits RMB'000	Total RMB'000
Balance at 1.7.2010	1,006,718	19,447	(5,218)	(111,311)	909,636
Total comprehensive income for the period	-	-	7,639	(15,715)	(8,076)
Issue of ordinary shares on exercising of share options	23,190	-	-	-	23,190
Balance at 31.3.2011	1,029,908	19,447	2,421	(127,026)	924,750

<u>Company</u>	Share Capital RMB'000	Employees' share option reserve RMB'000	Translation reserve RMB'000	Accumulated profits RMB'000	Total RMB'000
Balance at 1.7.2011	1,072,268	-	2,784	(133,719)	941,333
Total comprehensive income for the period	-	-	(1,293)	(7,509)	(8,802)
Issue of ordinary shares on exercising of share options	-	1,740	-	-	1,740
Balance at 31.3.2012	1,072,268	1,740	1,491	(141,228)	934,271

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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.

9MFY2012

Granting of Share Options

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

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

9MFY2011

Exercise of Share Options

During the 9 months ended 31 March 2011, certain employees (who are not directors) had subscribed for 9,853,000 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 9 months ended 31 March 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 547,276,000 ordinary shares.

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 and 31 March 2012	-	557,439,000 206,479

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

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

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

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

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

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

Not applicable.

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

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 31.3.2012	1.7.2010 to 31.3.2011	1.1.2012 to 31.3.2012	1.1.2011 to 31.3.2011
Based on weighted average number of ordinary shares on issue (RMB)	0.91	0.87	0.43	0.48
Weighted average number of shares (in thousands)	557,439	540,319	557,439	545,099

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

Diluted earnings per share

Diluted earnings per share are calculated by dividing the profit attributable to equity holders of the Company for the respective periods and the weighted average number of shares, adjusted for the effects of all dilutive ordinary shares. In the current financial period, the Company does not have any potential dilutive instruments. The corresponding period of the immediately preceding financial year has been adjusted for the potential ordinary shares (i.e. share options), assuming to have been converted into ordinary shares as at 1 July 2010.

	1.7.2011 to 31.3.2012	1.7.2010 to 31.3.2011	1.1.2012 to 31.3.2012	1.1.2011 to 31.3.2011
On a fully diluted basis (RMB)	0.91	0.86	0.43	0.47
Weighted average number of shares (in thousands)	557,439	547,666	557,439	552,446

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	
	31.3.2012	30.6.2011	31.3.2012	30.6.2011
Net asset value per ordinary share based on issued share capital at the end of the respective periods (RMB):	6.13	5.09	1.68	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 9MFY2012, 9MFY2011, 3QFY2012 and 3QFY2011 respectively:-

	9MFY2012		9MFY2011		3QFY2012		3QFY2011	
	RMB' mil	%	RMB' mil	%	RMB' mil	%	RMB' mil	%
Processed Business Segment:								
- Processed vegetables	1,033,448	58.5	975,872	64.5	481,276	63.9	469,963	66.8
- Others ⁽¹⁾	79,774	4.5	68,683	4.5	31,839	4.2	31,308	4.4
Subtotal	1,113,222	63.0	1,044,555	69.0	513,115	68.1	501,271	71.2
Cultivation Business Segment:								
- Fresh vegetables produce	537,723	30.5	379,946	25.1	240,063	31.9	202,663	28.8
- Mushroom spores ⁽²⁾	114,400	6.5	88,600	5.9	-	-	-	-
Subtotal	652,123	37.0	468,546	31.0	240,063	31.9	202,663	28.8
Total revenue	1,765,345	100.0	1,513,101	100.0	753,178	100.0	703,934	100.0

Note:-

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

(2) Sales of mushroom spores

1.1 Revenue (9MFY2012 vs 9MFY2011)

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 the our operating peak season from the months of "December to April" in normal years to "January to May" in this financial year. The later months usually account for a larger proportion of sales as we gain momentum into the peak period.

For the nine months ended 31 March 2012 ("9MFY2012"), our revenue increased by 16.7% or RMB252.2 million, to RMB1,765.3 million (9MFY2011: RMB1,513.1 million). This was due to the increase in both our processed vegetables and fresh vegetables produce sales. For the month of April 2012, our revenue rose by approximately 60% y-o-y to RMB280 million as a result of sales rollover from the late winter.

Revenue from processed vegetables increased by 5.9% or RMB57.6 million, to RMB1,033.5 million (9MFY2011: RMB975.9 million), due to shift towards a higher-value processed vegetables portfolio, resulting in higher overall selling prices.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

1.1 Revenue (9MFY2012 vs 9MFY2011) (Continued)

Revenue from fresh vegetables produce increased by 41.5% or RMB157.8 million, to RMB537.7 million (9MFY2011: RMB379.9 million), due to newly acquired farmlands contributing during 9MFY2012, while not started contribution in 9MFY2011, hence our cultivation volume increased by 48.5% or 44,260 tonnes, to 135,517 tonnes (9MFY2011: 91,257 tonnes). While most of our vegetables types experienced price inflation during the period, the average selling price for our overall fresh vegetables portfolio was lower as a result of changes in product mix.

Revenue from trading mushroom spores increased by 29.1% or RMB25.8 million, to RMB114.4 million (9MFY2011: RMB88.6 million), due to healthy order books for our champignon mushroom, continuing into 4QFY2012.

1.2 Revenue (3QFY2012 vs 3QFY2011)

Our revenue increased by 7.0% or RMB49.3 million, to RMB753.2 million (3QFY2011: RMB703.9 million). This was due to the increase in our processed vegetables and fresh vegetables produce sales.

Revenue from processed vegetables increased by 2.4% or RMB11.3 million, to RMB481.3 million (3QFY2011: RMB470.0 million), due to shift towards higher-value processed vegetables portfolio, resulting in higher overall selling prices.

Revenue from fresh vegetables produce increased by 18.5% or RMB37.4 million, to RMB240.1 million (3QFY2011: RMB202.7 million), due to the newly acquired farmlands contributing during 3QFY2012, while not started contribution in 3QFY2011, hence our cultivation volume increased by 58.7% or 23,826 tonnes, to 64,384 tonnes (3QFY2011: 40,558 tonnes). While most of our vegetables types experienced price inflation during the period, average selling price for our overall fresh vegetables portfolio was lower as a result of changes in product mix.

2. Gross Profit

The following table provides a breakdown of our gross profit by business segments in 9MFY2012, 9MFY2011, 3QFY2012 and 3QFY2011 respectively:-

	9MFY2012		9MFY2011		3QFY2012		3QFY2011	
	RMB' mil	%	RMB' mil	%	RMB' mil	%	RMB' mil	%
Processed Business Segment:								
- Processed vegetables	378,312	54.4	351,811	55.4	166,514	53.6	178,673	54.0
- Others ⁽¹⁾	2,337	0.3	13,083	2.0	3,859	1.2	7,668	2.3
Subtotal	380,649	54.7	364,894	57.4	170,373	54.8	186,341	56.3
Cultivation Business Segment:								
- Fresh vegetables produce	297,791	42.8	250,510	39.4	140,495	45.2	144,565	43.7
- Mushroom spores ⁽²⁾	17,600	2.5	20,181	3.2	-	-	-	-
Subtotal	315,391	45.3	270,691	42.6	140,495	45.2	144,565	43.7
Total gross profit	696,040	100.0	635,585	100.0	310,868	100.0	330,906	100.0

Note:-

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

(2) Sales of mushroom spores

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

2.1 Gross Profit (9MFY2012 vs 9MFY2011)

Our 9MFY2012 gross profit increased by 9.5% or RMB60.4 million, to RMB696.0 million (9MFY2011: RMB635.6 million), in tandem with the increase in our revenue. As a result of the sales rollover due to the late winter, gross profit for the month of April 2012 also rose correspondingly by approximately 60% y-o-y to RMB110 million. Our overall gross profit margin has declined by 2.6 ppt to 39.4% (9MFY2011: 42.0%) during the period.

Our gross profit from processed vegetables increased by 7.5% or RMB26.5 million, to RMB378.3 million (9MFY2011: RMB351.8 million), in tandem with the increase in revenue. Our overall gross profit margin for processed vegetables improved by 0.6 ppt to 36.6% (9MFY2011: 36.1%).

Our gross profit from fresh vegetables produce increased by 18.9% or RMB47.3 million, to RMB297.8 million (9MFY2011: RMB250.5 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 (9MFY2012: 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% (9MFY2011: 22.8%).

2.1 Gross Profit (3QFY2012 vs 3QFY2011)

Our gross profit decreased by 6.1% or RMB20.0 million, to RMB310.9 million (3QFY2011: RMB330.9 million), due to decline in overall gross profit margin by 5.7 ppt to 41.3% (9MFY2011: 47.0%) during the period.

Our gross profit from processed vegetables decreased by 6.8% or RMB12.2 million, to RMB166.5 million (3QFY2011: RMB178.7 million), due to higher cost of production, resulting in our gross profit margin for processed vegetables to decline to 34.6%.

Our gross profit from fresh vegetables produce decreased by 2.8% or RMB4.1 million, to RMB140.5 million (3QFY2011: RMB144.6 million), due to higher cost of cultivation, resulting in our gross profit margin for fresh vegetables produce to decline to 58.5%.

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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

We experienced loss on fair value of biological assets in 9MFY2012, amounting to RMB4.4 million (FY2011: RMB1.2 million). The actual operational result from July 2011 to March 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 31 March 2012.

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

	Financial Period Ended 31.3.2012 (9MFY2012)	Financial Year Ended 30.6.2011 (FY2011)
	RMB'000	RMB'000
At beginning of period/year	203,547	195,300
Increase due to plantation	260,847	194,404
Decrease due to harvest	(239,934)	(187,357)
(Loss) / gain arising from changes in fair value less estimated point-of-sale costs	(4,400)	1,200
At end of period/year	220,060	203,547

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
<u>As at 30.6.2011</u>			
Non-current portion	176,000	-	176,000
Current portion	-	27,547	27,547
Total	176,000	27,547	203,547
<u>As at 31.3.2012</u>			
Non-current portion	171,600	-	171,600
Current portion	-	48,460	48,460
Total	171,600	48,460	220,060

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

4. Other income, net

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.

Other income, net	9MFY2012	9MFY2011	3QFY2012	3QFY2011
	RMB'000	RMB'000	RMB'000	RMB'000
Rental income, net ⁽¹⁾	4,824	3,105	1,608	1,513
Government grants ⁽²⁾	11,946	4,710	3,043	2,221
Gain on disposal of scrap materials, net	818	510	391	75
Other income, net	213	164	194	20
Total	17,801	8,489	5,236	3,829

Note:-

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

(2) 9MFY2012 government grants include government rewards for successfully listed in SGX and subsidies to our new capital expenditure on our New Industrial Park in Putian City, Fujian Province.

4.1 Other income, net (9MFY2012 vs 9MFY2011)

Other income increased by 109.7% or RMB9.3 million, to RMB17.8 million (9MFY2011: RMB8.5 million). The increase was mainly due to more government grants received.

4.2 Other income, net (3QFY2012 vs 3QFY2011)

Other income increased by 36.7% or RMB1.4 million, to RMB5.2 million (3QFY2011: RMB3.8 million). The increase was mainly due to more government grants received.

5.1 Selling and distribution expenses (9MFY2012 vs 9MFY2011)

Selling and distribution expenses increased by 69.5% or RMB21.6 million, to RMB52.7 million (9MFY2011: RMB31.1 million). The increase was mainly due to (i) an increase in payroll cost, amounting by RMB1.3 million, as a result of higher staff headcount with the Group's business expansion; (ii) an increase in marketing and advertising expenses relating to promotion of our brand-name domestically, amounting to RMB10.6 million; and (iii) an increase in shipping and transportation expenses, amounting to RMB8.0 million.

Selling and distribution expenses as a percentage of total revenue increased by 0.9 ppt to 3.0% (9MFY2011: 2.1%).

5.2 Selling and distribution expenses (3QFY2012 vs 3QFY2011)

Selling and distribution expenses increased by 9.8% or RMB1.1 million, to RMB12.3 million (3QFY2011: RMB11.2 million). The increase was mainly due to (i) an increase in marketing and advertising expenses related to promotion of our brand-name domestically, amounting to RMB1.1 million; and (ii) an increase in shipping and transportation expenses, amounting to RMB0.9 million.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

6.1 Administrative expenses (9MFY2012 vs 9MFY2011)

Administrative expenses increased by 44.6% or RMB23.8 million, to RMB77.2 million (9MFY2011: RMB53.4 million), was mainly due to an increase in non-cash amortisation of upfront payments for the farmlands not used for own cultivation during the periods.

6.2 Administrative expenses (3QFY2012 vs 3QFY2011)

Administrative expenses increased by 36.4% or RMB7.5 million, to RMB28.2 million (3QFY2011: RMB20.7 million), was mainly due to an increased in non-cash amortisation of upfront payments for the farmlands not used for own cultivation during the periods.

7. Other expenses, net

Other expenses comprised mostly net exchange loss. Our exchange loss decreased by RMB8.4 million to RMB9.7 million (9MFY2011: RMB1.3 million) due to non-recurring exchange differences on conversion of IPO proceeds to RMB during 9MFY2011 (9MFY2012: NIL).

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

Other expenses, net	1.7.2011 to 31.3.2012	1.7.2010 to 31.3.2011	1.1.2012 to 31.3.2012	1.1.2011 to 31.3.2011
Exchange loss, net	1,334	9,690	720	661
Written off of plant and equipments	440	605	440	605
Other expenses, net	2,182	598	1,035	516
Total	3,956	10,893	2,195	1,782

8.1 Financial expenses, net (9MFY2012 vs 9MFY2011)

Our finance cost increased by RMB18.6 million, to RMB20.5 million (9MFY2011: RMB1.9 million). This was due to increased bank borrowings during the period to fund our working capital needs.

8.2 Financial expenses, net (3QFY2012 vs 3QFY2011)

Our finance cost increased by RMB4.9 million, to RMB6.4 million (3QFY2011: RMB1.5 million). This was due to increased bank borrowings during the period to fund our working capital needs.

9.1 Profit before income tax (9MFY2012 vs 9MFY2011)

Profit before income tax increased by 1.5% or RMB8.4 million, to RMB555.0 million (9MFY2011: RMB546.6 million) in tandem with higher gross profit. The profit before income tax margin declined by 4.7 ppt, to 31.4% (9MFY2011: 36.1%) was mainly attributable to **(1)** higher selling and distribution expenses as discussed in note 5 above, **(2)** higher administrative and general expenses as discussed in note 6 above, **(3)** higher financial expenses due to increased bank borrowings and **(4)** declined gross profit margin due to higher cost of cultivation.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

9.2 Profit before income tax (3QFY2012 vs 3QFY2011)

Profit before income tax decreased by 10.9% or RMB32.6 million, to RMB267.1 million (3QFY2011: RMB299.7 million). The profit before income tax margin declined by 7.1 ppt to 35.5% (3QFY2011: 42.6%) was mainly attributable to **(1)** higher selling and distribution expenses as discussed in note 5 above, **(2)** higher administrative and general expenses as discussed in note 6 above, **(3)** higher financial expenses due to increased bank borrowings and **(4)** declined gross profit margins due to higher cost of cultivation and processing.

10.1 Income tax expense (9MFY2012 vs 9MFY2011)

Income tax expense decreased by 39.5% or RMB30.3 million, to RMB46.5 million (9MFY2011: RMB76.8 million) due to a higher proportion of our taxable income being tax-exempted. As a result, our effective tax rate decreased to 8.4% (9MFY2011: 14.1%).

10.2 Income tax expense (3QFY2012 vs 3QFY2011)

Income tax expense decreased by 31.6% or RMB12.1 million, to RMB26.4 million (3QFY2011: RMB38.5 million) due to a higher proportion of our taxable income being tax-exempted. As a result, our effective tax rate decreased to 9.9% (3QFY2011: 12.9%).

11.1 EBITDA (9MFY2012 vs 9MFY2011)

Our EBITDA increased by 13.8% or RMB84.7 million, to RMB700.6 million (9MFY2011: RMB615.9 million).

11.2 EBITDA (3QFY2012 vs 3QFY2011)

Our EBITDA decreased by 3.2% or RMB10.5 million, to RMB319.7 million (3QFY2011: RMB330.2 million).

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

	1.7.2011 to 31.3.2012	1.7.2010 to 31.3.2011	1.1.2012 to 31.3.2012	1.1.2011 to 31.3.2011
	RMB'000	RMB'000	RMB'000	RMB'000
Net income	508,562	469,801	240,750	261,144
Add / (Less):				
Financial expenses, net	20,535	1,860	6,348	1,463
Income tax expense	46,484	76,841	26,368	38,525
Depreciation of property, plant and equipment	38,209	23,504	14,123	8,617
Amortisation of land use right	2,132	1,822	714	1,287
Amortisation of land improvement costs	45,897	20,708	17,511	10,888
Amortisation of operating lease prepayments	50,770	26,042	16,924	10,471
Amortisation of government grant	(11,946)	(4,710)	(3,043)	(2,221)
EBITDA	700,643	615,868	319,695	330,174
EBITDA margins	39.7%	40.7%	42.4%	46.9%

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REVIEW OF PERFORMANCE (Continued)

(B) Consolidated Balance Sheet (30 June 2011 vs 31 March 2012)

Non-current assets

Non-current assets increased by approximately 28.7% or RMB616.4 million, to RMB2,766.0 million (30 June 2011: RMB2,149.6 million). This was largely attributable to capital expenditure on land improvement costs, purchase of land use rights and property, plant and equipment for further expansion of our production facilities, net of amortisation and depreciation of non-current assets.

Current assets

Current assets increased by 46.9% or RMB584.4 million, to RMB1,829.3 million (30 June 2011: RMB1,244.9 million). This was largely attributable to (i) the increase in inventories by RMB160.1 million; (ii) increase in trade receivables by RMB632.4 million, a result of our sales during 3QFY2012; net of (iii) decrease in non-trade receivables and prepayments by RMB187.0 million, which mainly related to prepayments for property, plant and equipment being transferred to non-current assets; (iv) decrease in cash balances by RMB41.8 million, due to working capital and capital expenditure.

Non-current liabilities

Non-current liabilities comprised government grants and long term bank loans, which increased by approximately 67.4% or RMB11.8 million to RMB29.3 million (30 June 2011: RMB17.5 million). This was largely attributable to an increase in government grants received.

Current liabilities

Current liabilities comprised mainly bank term loans, income tax liabilities and trade and non-trade payables. Current liabilities increased by 144.9% or RMB680.1 million, to RMB1,149.4 million (30 June 2011: RMB469.3 million). This was largely attributable to the increase in bank term loans, trade payables and other payables and accruals by RMB260.0 million, RMB361.0 million and RMB56.0 million respectively.

Working capital days

	9MFY2012	9MFY2011	3QFY2012	3QFY2011
<u>Days</u>	(Days)	(Days)	(Days)	(Days)
Trade Receivables Turnover ⁽¹⁾	84	59	82	58
Trade Payables Turnover ⁽²⁾	67	14	54	17
Inventory Turnover ⁽³⁾	49	17	47	14
Cash Conversion	66	62	75	55

The increasing trend of our trade receivables and trade payables turnover days was because of our peak season crossing over to 4QFY2012 due to late winter pattern in this financial year.

The increasing trend of our inventory turnover days was mainly due to increase in inventories by RMB160.1 million to accommodate continuing healthy sales orders in 4QFY2012.

Note:-

- (1) Average trade receivables / revenue X 270 days
- (2) Average trade payables / cost of goods sold X 270 days
- (3) Average inventory balance / cost of goods sold for processed products X 270 days

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REVIEW OF PERFORMANCE (Continued)

(C) Consolidated Cash Flow Statement

9MFY2012

For the 9 months ended 31 March 2012, we recorded a net cash inflow from operating activities of RMB246.2 million. This comprises cash generated from operating activities before changes in working capital of RMB708.5 million, net working capital outflow of RMB417.5 million, and net cash outflow amounting to RMB44.8 million from interest and income tax paid. The net working capital outflow was a result of:

(a) an increase in trade and other receivables of RMB653.5 million; and an increase in inventories and biological assets of RMB181.0 million; and

(b) offset by a increase in trade and non-trade payables of RMB417.0 million; and

For the 9 months ended 31 March 2012, net cash used in investing activities of RMB551.4 million was mainly due to the following:

(a) acquiring of new property, plant and equipment amounting to RMB455.1 million was for the expansion of our processing facilities, including the construction of our new factory in Fujian Province; and

(b) capital expenditure on cost incurred on land improvement for cultivation bases amounting to RMB94.7 million; and

(c) capital expenditure on acquiring of land use rights amounting to RMB2.0 million; and

For the 9 months ended 31 March 2012, net cash inflows from financing activities was RMB246.6 million, which was mainly attributable to the net proceeds from short term bank loans, amounting to RMB258.4 million, obtained from Agricultural Bank of China, Industrial Commerce Bank of China, Bank of China, China CITIC Bank, China Minsheng Bank, Industrial Bank Co Ltd, China Merchant Bank and OCBC Bank (China) Limited, Xiamen Branch, for the purpose of financing our working capital needs. The remaining cash inflows were government grants received and interest paid on bank loans.

3QFY2012

For the 3 months ended 31 March 2012, we recorded a net cash inflow from operating activities of RMB113.6 million. This comprises cash generated from operating activities before changes in working capital of RMB321.4 million, net working capital outflow of RMB187.7 million, and net cash outflow amounting to RMB20.1 million from interest and income tax paid. The net working capital outflow was a result of:

(a) an increase in trade receivables of RMB353.8 million; an increase in inventories and biological assets of RMB81.6 million; and an increase in other receivables of RMB150.5 million; and

(b) offset by an increase in trade and non-trade payables of RMB398.2 million;

For the 3 months ended 31 March 2012, net cash used in investing activities of RMB224.9 million was mainly due to the following:

(a) settlement for property, plant and equipments for the new factory in Fujian Province, amounting to RMB222.1 million; and

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REVIEW OF PERFORMANCE (Continued)

(C) Consolidated Cash Flow Statement (Continued)

3QFY2012 (Continued)

(b) capital expenditure on cost incurred on land improvement for cultivation bases amounting to RMB2.8 million;

For the 3 months ended 31 March 2012, net cash inflows from financing activities was RMB154.8 million, which was mainly attributable to the net proceeds from short term bank loans, amounting to RMB177.0 million, obtained from Agricultural Bank of China, Industrial Commerce Bank of China, Bank of China, China CITIC Bank, China Minsheng Bank, Industrial Bank Co Ltd, China Merchant Bank and OCBC Bank (China) Limited, Xiamen Branch, for the purpose of financing our working capital needs. The remaining cash inflows were government grants received and interest paid on bank loans.

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 continues to be well supported by the government. Under its latest 12th Five-Year plan, the PRC government seeks to accelerate the development of modern agriculture and expand the income channels for farmers. The first goal is closely tied to the safeguarding of national food security on the back of a growing population and increasing urbanization, while the latter targets to improve the livelihood of the individual farmers.

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. While encouraging more investment in the agricultural industry, the authorities will also play a leading role in financing agricultural scientific and technological innovation.

The Group remains optimistic on its long term growth prospects, banking on its established track record and continued government support in the sector. 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.

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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. (Continued)**

In view of the increased cost components associated with food inflation, the Group will be adopting the following mitigating measures:

- (1) Continued shift towards higher margin products to increase average selling prices and margins in the long term.
- (2) Development of better cultivation techniques and achieving better economy of scale on new farmland.
- (3) More efficient use of resources, for example recycling of mushroom cultivation substrate as fertilizer and increased mechanization to replace labour needs.

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 impacts on our operations.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

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.

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13. Present on-going interested person transactions

Our Chairmen and Executive Director, Lin Guo Rong is currently providing a personal guarantee 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 31.03.2012 ('million')	Lender
30 December 2012	RMB50.0	RMB49.5	Industrial Bank Co. Ltd.
15 March 2013	RMB10.0	-	Agricultural Bank of China
Total:	RMB60.0	RMB49.5	

BY ORDER OF THE BOARD

LIN GUO RONG
Chief Executive Officer
14 May 2012

CHINA MINZHONG FOOD CORPORATION LIMITED
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**FINANCIAL RESULTS OF THE COMPANY AND THE GROUP FOR THE FINANCIAL PERIOD
ENDED 31 MARCH 2012**

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

For and on behalf of the Board

LIN GUO RONG
Director

LIM YEOW HUA
Director