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

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

The directors are pleased to announce the results for the quarter period from 1 October 2015 to 31 December 2015 and the results for the financial period from 1 July 2015 to 31 December 2015. The comparatives are for the quarter period from 1 October 2014 to 31 December 2014 and the financial period from 1 July 2014 to 31 December 2014. 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					
	Note 8(A)	1HFY2016	1HFY2015	Change	2QFY2016	2QFY2015	Change
		RMB '000	RMB '000	%	RMB '000	RMB '000	%
Revenue	1	991,230	1,021,505	(3.0%)	523,535	534,477	(2.0%)
Cost of sales		(732,479)	(749,543)	(2.3%)	(382,919)	(390,374)	(1.9%)
Gross profit	2	258,751	271,962	(4.9%)	140,616	144,103	(2.4%)
Gross profit margin (%)		26.1%	26.6%	(0.5ppt)	26.9%	27.0%	(0.1ppt)
Gain / (Loss) on fair value of biological assets less estimated point of sales cost		350	(4,900)	n.a	350	(4,900)	n.a
Other income	3	106,749	103,689	3.0%	59,445	55,138	7.8%
Selling and distribution expenses	4	(23,762)	(62,113)	(61.7%)	(14,721)	(36,765)	(60.0%)
Administrative expenses	5	(85,429)	(75,295)	13.5%	(41,864)	(38,331)	9.2%
Other expenses	6	(108,812)	(24,796)	>100%	(66,725)	(15,965)	>100%
Finance cost	7	(71,116)	(52,034)	36.7%	(34,184)	(20,463)	(67.1%)
Profit before tax	8	76,731	156,513	(51.0%)	42,917	82,817	(48.2%)
Income tax	9	(32,138)	(27,059)	18.8%	(13,778)	(10,782)	27.8%
Profit for the period		44,593	129,454	(65.6%)	29,139	72,035	(59.5%)
Net Profit margin (%)		4.5%	12.7%	(8.2ppt)	5.6%	13.5%	(7.9ppt)
Other comprehensive income:							
Item that may be reclassified subsequently to profit or loss							
- Currency translation difference arising from consolidation		585	(5,635)	n.a	1,528	(4,393)	n.a
- Fair value (loss) / gain arising from cash flow hedge		(68,165)	27,698	n.a	(29,973)	6,301	n.a
Total comprehensive (loss) / income		(22,987)	151,517	n.a	694	73,943	n.a
Earnings per share (RMB)							
Basic		0.07	0.20	(65.6%)	0.04	0.11	(59.5%)
Diluted		0.07	0.20	(65.6%)	0.04	0.11	(59.5%)

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

Profit before tax

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

	Group			
	1HFY2016	**1HFY2015**	**2QFY2016**	**2QFY2015**
	RMB '000	**RMB '000**	**RMB '000**	**RMB '000**
Depreciation of property, plant and equipment	61,249	57,122	30,419	28,686
Amortisation of land use rights	1,553	1,553	776	777
Amortisation of land improvement costs	35,518	39,985	16,501	19,516
Amortisation of operating lease prepayments	28,489	30,371	14,103	14,527
Amortisation of capitalised expenses	2,189	2,331	1,099	1,145
(Gain) / Loss on fair value of biological assets less estimated point of sales cost	(350)	4,900	(350)	4,900
Allowance for doubtful trade debts	9,068	8,845	9,068	8,845
Reversal of allowance for doubtful debts	(7,807)	(3,549)	(7,807)	(3,549)
Government grants	(4,911)	(6,140)	(3,387)	(4,811)
Interest income	(51,924)	(51,227)	(26,499)	(26,401)
Interest expenses	71,116	52,034	34,184	20,463

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

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 31.12.2015	Audited 30.06.2015	Unaudited 31.12.2015	Audited 30.06.2015
	RMB'000	RMB'000	RMB'000	RMB'000
Share capital and reserves				
Share capital	1,503,789	1,503,789	1,503,789	1,503,789
Statutory reserve fund	135,618	130,507	-	-
Employees' share option reserve	-	2,889	-	2,889
Translation deficit	(7,905)	(8,490)	(98,967)	(116,720)
Hedging deficit	(68,451)	(286)	(68,451)	(286)
Retained earnings/ (Accumulated losses)	3,646,971	3,604,600	(165,448)	(86,873)
TOTAL EQUITY	5,210,022	5,233,009	1,170,923	1,302,799
Non-current assets				
Deferred tax assets	4,400	6,000	-	-
Property, plant and equipment	2,234,282	2,019,844	1,106	1,158
Land use rights	129,934	131,487	-	-
Biological assets	142,500	142,150	-	-
Land improvement costs	52,989	88,139	-	-
Subsidiaries	-	-	1,211,783	1,194,617
Operating lease prepayments	213,970	241,598	-	-
Loan to a subsidiary	-	-	774,853	774,853
Current assets				
Land use rights	3,125	3,125	-	-
Biological assets	18,732	23,109	-	-
Inventories	41,669	61,507	-	-
Trade receivables	428,996	421,095	-	-
Due from a subsidiary (non-trade)	-	-	603,113	519,452
Operating lease prepayments	55,657	56,518	-	-
Other receivables and prepayments	93,336	136,058	138	273
Cash and bank balances	4,735,263	4,261,919	5,244	6,569
Loan to a subsidiary	-	-	86,095	86,095
	5,376,778	4,963,331	694,590	612,389
TOTAL ASSETS	8,154,853	7,592,549	2,682,332	2,583,017

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

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

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	31.12.2015	30.06.2015	31.12.2015	30.06.2015
	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities				
Trade payables	148,275	212,589	-	-
Other payables and accruals	873,193	320,805	45,990	213,793
Bank term loans	918,318	944,404	477,518	203,225
Income tax liabilities	10,002	7,098	10,002	7,098
Government grants	2,834	2,628	-	-
	1,952,622	1,487,524	533,510	424,116
Non-current liabilities				
Government grants	14,310	15,914	-	-
Bank term loans	864,448	810,816	864,448	810,816
Deferred tax liabilities	45,000	45,000	45,000	45,000
Derivative financial instruments	68,451	286	68,451	286
	992,209	872,016	977,899	856,102
TOTAL LIABILITIES	2,944,831	2,359,540	1,511,409	1,280,218
NET ASSETS	5,210,022	5,233,009	1,170,923	1,302,799

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

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

Bank term loans

	Unaudited 31.12.2015 RMB'000	Audited 30.6.2015 RMB'000
Non-current portion		
Interest bearing loan, unsecured [1]	922,068	922,068
Adjustments for		
- Loan expenses	(23,419)	(23,419)
- Currency alignment	52,526	(4,653)
	951,175	893,996
Add: Amortisation of loan expenses	10,639	8,450
Net carrying amount	961,814	902,446
Less: Repayable not more than one year	(97,366)	(91,630)
Total non-current portion bank loan	**864,448**	**810,816**
Current portion		
Syndicated loan [1]	97,366	91,630
Interest bearing loans [2]:		
- Unsecured	758,952	692,774
- Guaranteed [3]	62,000	160,000
Total current portion bank loan	**918,318**	**944,404**
Total bank term loans	**1,782,766**	**1,755,220**

Note: (1) Interest rate for long-term bank loan is the aggregate of applicable USD LIBOR and 2.6% per annum.

Note: (2) Interest rates for short-term bank loans range from 2.7% to 7.0% (30 June 2015: 3.2% to 9.3%) per annum.

Note: (3) Sichuan Minzhong Organic Food Co., Ltd (a subsidiary of the Company) is providing guarantee for RMB62.0 million (30 June 2015: RMB160.0 million) short term bank loans to the Group.

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

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			
	1HFY2016	1HFY2015	2QFY2016	2QFY2015
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Profit before income tax	76,731	156,513	42,917	82,817
Adjustments for:				
Depreciation of property, plant and equipment	61,249	57,122	30,419	28,686
Amortisation of land use rights	1,553	1,553	776	777
Amortisation of land improvement costs	35,518	39,985	16,501	19,516
Amortisation of operating lease prepayments	28,489	30,371	14,103	14,527
Amortisation of capitalised expenses	2,189	2,331	1,099	1,145
Property, plant and equipment written off	79	-	-	-
Allowance for doubtful trade debts	9,068	8,845	9,068	8,845
Reversal of allowance for doubtful debt	(7,807)	(3,549)	(7,807)	(3,549)
Other receivable written off	9,785	-	9,785	-
Biological assets	(350)	4,900	(350)	4,900
Government grants	(4,911)	(6,140)	(3,387)	(4,811)
Interest income	(51,924)	(51,227)	(26,499)	(26,401)
Interest expense on bank term loans	71,116	52,034	34,184	20,463
Gain on disposal of operating lease prepayments and land improvement costs	-	(1,013)	-	-
Operating profit before working capital changes	230,785	291,725	120,809	146,915
Inventories	19,838	36,209	37,967	52,170
Biological assets	4,377	1,212	8,501	9,284
Trade receivables	(9,162)	54,568	57,407	(52,913)
Other receivables and prepayments	30,543	24,537	(17,093)	10,889
Trade payables	(64,314)	53,392	(95,147)	(22,472)
Other payables and accruals	152,716	33,861	154,520	(370)
Cash generated from operations	364,783	495,504	266,964	143,503
Income tax paid	(24,256)	(36,776)	-	(18,548)
Interest received	38,342	47,942	18,293	37,421
Net cash generated from operating activities	378,869	506,670	285,257	162,376

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

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			
	1HFY2016	**1HFY2015**	**2QFY2016**	**2QFY2015**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Cash flows from investing activities				
Purchase of property, plant and equipment	(263,469)	(9,779)	(262,115)	(4,314)
Proceeds from construction deposits	-	11,051	-	11,051
Proceeds from disposal of operating lease prepayments and land improvement costs	-	44,000	-	-
Refund from purchase of land use rights	-	17,800	-	2,800
Addition to land improvement costs	(368)	-		
Net cash (used in) / generated from investing activities	(263,837)	63,072	(262,115)	9,537
Cash flows from financing activities				
Proceeds from bank loans	880,693	615,504	501,550	323,412
Advance from other payable	400,000	-	400,000	-
Repayment of bank loans	(913,827)	(423,936)	(579,409)	(323,957)
Government grant received	3,513	4,526	2,688	4,004
Dividend payment	-	(136,172)	-	-
Interest paid	(71,269)	(52,034)	(27,941)	(20,463)
Net cash generated from / (used in) financing activities	299,110	7,888	296,888	(17,004)
Net increase in cash and cash equivalents	**414,142**	**577,630**	**320,030**	**154,909**
Cash and cash equivalents at beginning of periods	**4,261,919**	**3,267,417**	**4,391,908**	**3,685,844**
Effect of exchange rate changes in cash and cash equivalents	59,202	(14,367)	23,325	(10,073)
Cash and cash equivalents at end of period as stated in the consolidated balance sheets	**4,735,263**	**3,830,680**	**4,735,263**	**3,830,680**

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

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	Hedging deficit RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1.7.2014	1,503,789	114,349	4,629	806	(29,173)	3,625,355	5,219,755
Profit for the period	-	-	-	-	-	129,454	129,454
Other comprehensive income / (loss), net of tax	-	-	-	(5,635)	27,698	-	22,063
Total comprehensive income / (loss) for the period	-	-	-	(5,635)	27,698	129,454	151,517
Dividend declared from profits for financial year ended 30 June 2014	-	-	-	-	-	(136,172)	(136,172)
Expiry of employees' share option	-	-	(1,740)	-	-	1,740	-
Appropriation to statutory reserve fund	-	6,741	-	-	-	(6,741)	-
Balance at 31.12.2014	1,503,789	121,090	2,889	(4,829)	(1,475)	3,613,636	5,235,100

Group	Share Capital RMB'000	Statutory reserve fund RMB'000	Employees' share option reserve RMB'000	Translation deficit RMB'000	Hedging deficit RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1.7.2015	1,503,789	130,507	2,889	(8,490)	(286)	3,604,600	5,233,009
Profit for the period	-	-	-	-	-	44,593	44,593
Other comprehensive income / (loss), net	-	-	-	585	(68,165)	-	(67,580)
Total comprehensive income / (loss) for the period	-	-	-	585	(68,165)	44,593	(22,987)
Expiry of employees' share option	-	-	(2,889)	-	-	2,889	-
Appropriation to statutory reserve fund	-	5,111	-	-	-	(5,111)	-
Balance at 31.12.2015	1,503,789	135,618	-	(7,905)	(68,451)	3,646,971	5,210,022

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

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)

Company	Share Capital RMB'000	Employees' share option reserve RMB'000	Translation deficit RMB'000	Hedging deficit RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1.7.2014	1,503,789	4,629	(1,207)	(29,173)	46,509	1,524,547
Profit for the period	-	-	-	-	2,481	2,481
Other comprehensive income/ (loss), net of tax	-	-	(79,870)	27,698	-	(52,172)
Total comprehensive income / (loss) for the period	-	-	(79,870)	27,698	2,481	(49,691)
Dividend declared from profits for financial year ended 30 June 2014	-	-	-	-	(136,172)	(136,172)
Expiry of employees' share option	-	(1,740)	-	-	1,740	-
Balance at 31.12.2014	1,503,789	2,889	(81,077)	(1,475)	(85,442)	1,338,684

Company	Share Capital RMB'000	Employees' share option reserve RMB'000	Translation deficit RMB'000	Hedging deficit RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1.7.2015	1,503,789	2,889	(116,720)	(286)	(86,873)	1,302,799
Loss for the period	-	-	-	-	(81,464)	(81,464)
Other comprehensive income/ (loss), net of tax	-	-	17,753	(68,165)	-	(50,412)
Total comprehensive income / (loss) for the period	-	-	17,753	(68,165)	(81,464)	(131,876)
Expiry of employees' share option	-	(2,889)	-	-	2,889	-
Balance at 31.12.2015	1,503,789	-	(98,967)	(68,451)	(165,448)	1,170,923

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.

None

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 December 2015	-	655,439,000	304,706

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 2015.

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 is calculated by dividing the net profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the period.

	1.7.2015 to 31.12.2015	1.7.2014 to 31.12.2014	1.10.2015 to 31.12.2015	1.10.2014 to 31.12.2014
Based on weighted average number of ordinary shares on issue (RMB)	0.07	0.20	0.04	0.11
Weighted average number of shares (in thousands)	655,439	655,439	655,439	655,439

Diluted earnings per share

For the purpose of calculating diluted earnings per share, net profit attributable to equity holders of the Company and weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has dilutive potential share options during the corresponding period of the immediately preceding financial year.

	1.7.2015 to 31.12.2015	1.7.2014 to 31.12.2014	1.10.2015 to 31.12.2015	1.10.2014 to 31.12.2014
On a fully diluted basis (RMB)	0.07	0.20	0.04	0.11
Weighted average number of shares, adjusted for the effects of all dilutive ordinary shares (in thousands)	655,439	655,774	655,439	655,782

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	
	31.12.2015	30.6.2015	31.12.2015	30.6.2015
Net asset value per ordinary share based on issued share capital at the end of the period/year (RMB):	7.95	7.98	1.79	1.99
No. of shares in computing NAV(in thousands)	655,439	655,439	655,439	655,439

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 1HFY2016, 1HFY2015, 2QFY2016 and 2QFY2015 respectively:-

	1HFY2016 RMB'000	%	1HFY2015 RMB'000	%	2QFY2016 RMB'000	%	2QFY2015 RMB'000	%
Processed Business Segment:								
- Processed vegetables	486,441	49.1	456,405	44.7	290,098	55.4	259,208	48.5
Subtotal	486,441	49.1	**456,405**	**44.7**	**290,098**	55.4	**259,208**	**48.5**
Cultivation Business Segment:								
- Fresh vegetables produce	306,553	30.9	311,426	30.5	167,793	32.1	174,059	32.6
- Mushroom spores(1)	83,585	8.4	77,269	7.5	16,292	3.1	38,233	7.1
Subtotal	**390,138**	**39.3**	**388,695**	**38.0**	**184,085**	**35.2**	**212,292**	**39.7**
Branded Business Segment:								
- Beverages	96,829	9.8	169,600	16.6	37,997	7.3	57,247	10.7
- Others(2)	17,822	1.8	6,805	0.7	11,355	2.1	5,730	1.1
Subtotal	**114,651**	**11.6**	**176,405**	**17.3**	**49,352**	**9.4**	**62,977**	**11.8**
Total revenue	**991,230**	**100.0**	**1,021,505**	**100.0**	**523,535**	**100.0**	**534,477**	**100.0**

Note:-
(1) Trading of mushroom spores.
(2) Miscellaneous products, such as instant food and health food products.

1.1 Revenue(1HFY2016 vs 1HFY2015)

Revenue for 1HFY2016 declined by 3.0% or RMB30.3 million, to RMB991.2 million (1HFY2015: RMB1,021.5 million). The decline was due to a decrease in sales of RMB61.7million from the branded business segment, offset by an increase in sales of RMB30.0 million from the processed business segment and RMB1.4 million from the cultivation business segment.

Revenue of processed business segment increased by 6.6% or RMB30.0 million, to RMB486.4 million (1HFY2015: RMB456.4 million), primarily due to increase in average selling price by 12.4%, offset by a decrease in sales volume by 5.2% or 690 tons, to 12,560 tons (1HFY2015: 13,250 tons). The weakened demand for processed products was primarily due to higher selling price arising from higher raw materials cost for vegetables processing.

REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

1.1 Revenue(1HFY2016 vs 1HFY2015) (Continued)

Revenue from the sales of fresh vegetables remains relatively constant at RMB306.5 million (1HFY2015: RMB311.4 million).

Revenue from trading of mushroom spores increased by 8.2% or RMB6.3 million, to RMB83.6million (1HFY2015: RMB77.3 million), mainly due to an increase average selling price by approximately 15.2%, offset by a decrease in sales volume by 6.1% or 1,419 tons, to 21,996 tons (1HFY2015: 23,415 tons).

Revenue from beverage business decreased by 42.9% or RMB72.8 million to RMB96.8 million (1HFY2015: RMB169.6 million) primarily due to the slowdown of the economy and the effect arising from a reduction in advertising and promotion expenses as we embarked on a comprehensive review of this business segment.

1.2 Revenue (2QFY2016 vs 2QFY2015)

Revenue for 2QFY2015 declined by 2.0% or RMB10.9 million, to RMB523.6 million (2QFY2015: RMB534.5 million). The decline was due to a decrease in sales of RMB28.2 million from the cultivation business segment and RMB13.6 million from the branded business segment, offset by increase in sales of RMB30.9 million from the processed business segment.

Revenue of processed business segment increased by 11.9% or RMB30.9 million, to RMB290.1 million (2QFY2015: RMB259.2 million), primarily due to increase in sales volume by 14.4% or 913 tons, to 7,259 tons (2QFY2015: 6,346 tons).

Revenue from the sales of fresh vegetables remains relatively constant at RMB167.8 million (2QFY2015: RMB174.1 million).

Revenue from trading of mushroom spores decreased by RMB21.9 million, due to timing difference of mushroom spores trading. Conventional mushroom cultivation typically commenced after summer season and the mushroom spores are usually traded from August to October each year.

Revenue from beverage business decreased by 33.6% or RMB19.2 million to RMB38.0 million (2QFY2015: RMB57.2 million) primarily due to the slowdown of the economy and the effect arising from a reduction in advertising and promotion expenses as we embarked on a comprehensive review of this business segment.

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 1HFY2016, 1HFY2015, 2QFY2016 and 2QFY2015 respectively:-

	1HFY2016 RMB'000	%	1HFY2015 RMB'000	%	2QFY2016 RMB'000	%	2QFY2015 RMB'000	%
Processed Business Segment:								
- Processed vegetables	110,824	42.8	98,146	36.1	71,794	51.1	61,038	42.4
Subtotal	**110,824**	42.8	**98,146**	**36.1**	71,794	**51.1**	**61,038**	**42.4**
Cultivation Business Segment:								
- Fresh vegetables produce	96,867	37.4	91,015	33.5	53,569	38.1	55,821	38.7
- Mushroom spores[(1)]	8,431	3.3	5,568	2.0	1,639	1.2	2,894	2.0
Subtotal	**105,298**	**40.7**	**96,583**	**35.5**	**55,208**	**39.3**	**58,715**	**40.7**
Branded Business Segment:								
- Beverages	41,349	16.0	77,271	28.4	13,417	9.5	23,989	16.6
- Others[(2)]	1,280	0.5	(38)	-	197	0.1	361	0.3
Subtotal	**42,629**	**16.5**	**77,233**	**28.4**	**13,614**	**9.6**	**24,350**	**16.9**
Total gross profit	**258,751**	**100.0**	**271,962**	**100.0**	**140,616**	**100.0**	**144,103**	**100.0**

Note:-
(1) Trading of mushroom spores.
(2) Miscellaneous products, such as instant food and health food products.

2.1 Gross Profit (1HFY2016 vs 1HFY2015)

Gross profit for 1HFY2016 decreased by 4.9% or RMB13.2 million, to RMB258.8 million (1HFY2015: RMB272.0 million). Overall gross profit margin decreased by 0.5ppt to 26.1% (1HFY2015: 26.6%).

Gross profit from processed vegetables increased by 12.9% or RMB12.7 million, to RMB110.8 million (1HFY2015: RMB98.1 million), in tandem with the increase in revenue. Gross profit margin for processed vegetables increased by 1.3ppt to 22.8% (1HFY2015: 21.5%), primarily due to increase in average selling price.

Gross profit from cultivation business segment increased by 9.0% or RMB8.7 million, to RMB105.3 million (1HFY2015: RMB96.6 million), in tandem with the increase in revenue. Gross profit margin for cultivation business segment increased by 2.2ppt to 27.0% (1HFY2015: 24.8%), primarily due to increase in average selling price.

Gross profit from beverage business decreased by 46.5% or RMB36.0 million, to RMB41.3 million (1HFY2015: RMB77.3 million), in tandem with the decrease in revenue.

REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

2.2 Gross Profit (2QFY2016 vs 2QFY2015)

Gross profit for 2QFY2015 decreased by 2.4% or RMB3.5 million, to RMB140.6 million (2QFY2015: RMB144.1 million). Overall gross profit margin decreased by 0.1ppt to 26.9% (2QFY2015: 27.0%).

Gross profit from processed vegetables increased by 17.6% or RMB10.8 million, to RMB71.8 million (2QFY2015: RMB61.0 million), in tandem with the increase in revenue. Gross profit margin for processed vegetables decreased by 1.2ppt to 24.7% (2QFY2015: 23.5%).

Gross profit from cultivation business segment decreased by 6.0% or RMB3.5 million, to RMB55.2 million (2QFY2015: RMB58.7 million), in tandem with the decrease in revenue.

Gross profit from beverage business decreased by 44.1% or RMB10.6 million, to RMB13.4 million (2QFY2015: RMB24.0 million), in tandem with the decrease in revenue.

3. Other income

The breakdown of other income is as follows:

Other income	**1HFY2016**	**1HFY2015**	**2QFY2016**	**2QFY2015**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Government grants	4,911	6,140	3,387	4,811
Rental income[(1)]	40,522	33,605	20,620	20,029
Gain on disposal of scrap materials, net	312	366	262	197
Reversal of allowance for doubtful debts	7,807	3,549	7,807	3,549
Interest income	51,924	51,227	26,499	26,401
Gain on disposal of operating lease prepayments and land improvement costs	-	1,013	-	-
Others	1,273	7,789	870	151
Total	**106,749**	**103,689**	**59,445**	**55,138**

Note:-
(1) Comprises of proceeds received from renting farmland/building spaces to third parties

3.1 Other income (1HFY2016 vs 1HFY2015)

Other income increased by 3.0% or RMB3.1 million, to RMB106.7 million (1HFY2015: RMB103.6 million), mainly due to increase in rental income of RMB6.9 million, in tandem with the increase in rental expenses, and increase in reversal of allowance for doubtful debts of RMB4.3 million offset by decrease in other income of RMB6.5 million .

3.2 Other income (2QFY2016 vs 2QFY2015)

Other income increased by 7.8% or RMB4.3 million, to RMB59.4 million (2QFY2015: RMB55.1 million), mainly due to increase in reversal of allowance for doubtful debts of RMB4.3 million.

REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

4.1 Selling and distribution expenses (1HFY2016 vs 1HFY2015)

Selling and distribution expenses decreased by 61.7% or RMB38.4 million, to RMB23.7 million (1HFY2015: RMB62.1 million), mainly due to decrease of RMB22.5 million for marketing and advertising expenses.

4.2 Selling and distribution expenses (2QFY2016 vs 2QFY2015)

Selling and distribution expenses decreased by 60.0% or RMB22.0 million, to RMB14.7 million (2QFY2015: RMB36.7 million), mainly due to decrease of RMB15.9 million for marketing and advertising expenses.

5.1 Administrative expenses (1HFY2016 vs 1HFY2015)

Administrative expenses increased by 13.5% or RMB10.1 million, to RMB85.4 million (1HFY2015: RMB75.3 million), mainly due to increase in depreciation expenses of RMB3.8 million and increase in repairs and maintenance expenses of RMB4.4 million.

5.2 Administrative expenses (2QFY2016 vs 2QFY2015)

Administrative expenses increased by 9.2% or RMB3.6 million, to RMB41.9 million (2QFY2015: RMB38.3 million), mainly due to increase in depreciation expenses of RMB2.8million.

6 Other expenses

The breakdown of other expenses is as follows:

Other expenses	**1HFY2016**	**1HFY2015**	**2QFY2016**	**2QFY2015**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Rental expenses	30,250	27,559	14,660	16,342
Allowance for doubtful trade debts	9,068	8,845	9,068	8,845
Other receivables written off	9,785	-	9,785	-
Exchange loss / (gain), net	52,446	(12,205)	31,219	(9,769)
Othersa	7,263	597	1,993	547
Total	**108,812**	**24,796**	**66,725**	**15,965**

6.1 Other expenses (1HFY2016 vs 1HFY2015)

Other expenses increased by RMB84.0 million to RMB108.8 million (1HFY2015: RMB24.8 million), mainly due to increase in exchange loss, arising from revaluation of foreign currency assets and liabilities at the Company level, and other receivables written off, of RMB64.6 million and RMB9.8 million respectively.

REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

6 Other expenses (Continued)

6.2 Other expenses (2QFY2016 vs 2QFY2015)

Other expenses increased by RMB50.8 million to RMB66.7 million (2QFY2015: RMB15.9 million), mainly due to increase in exchange loss, arising from revaluation of foreign currency assets and liabilities at the Company Level, and other receivables written off, of RMB41.0 million and RMB9.8 million respectively.

7.1 Finance cost (1HFY2016 vs 1HFY2015)

Finance cost increased by RMB19.1 million, to RMB71.1 million (1HFY2015: RMB52.0 million) due to increased borrowings.

7.2 Finance cost (2QFY2016 vs 2QFY2015)

Finance cost increased by RMB13.7 million, to RMB34.2 million (2QFY2015: RMB20.5 million) due to increased borrowings.

8.1 Profit before tax (1HFY2016 vs 1HFY2015)

Profit before tax decreased by 51.0% or RMB79.8 million, to RMB76.7 million (1HFY2015: RMB156.5 million), in tandem with the decrease of gross profit and higher other expenses, mainly arising from exchange loss from revaluation of foreign currency assets and liabilities at the Company level.

8.2 Profit before tax (2QFY2016 vs 2QFY2015)

Profit before tax decreased by 48.2% or RMB39.9 million, to RMB42.9 million (2QFY2015: RMB82.8 million), in tandem with the decrease of gross profit and higher other expenses, mainly arising from exchange loss from revaluation of foreign currency assets and liabilities at the Company level.

9.1 Income tax (1HFY2016 vs 1HFY2015)

Income tax expense increased by 18.8% or RMB5.1million, to RMB32.1million (1HFY2015: RMB27.0 million), due to higher taxable income as a result of higher non-deductible expenses (i.e. exchange loss from revaluation of foreign currency assets and liabilities at the Company level).

9.2 Income tax (2QFY2016 vs 2QFY2015)

Income tax expense increased by 27.8% or RMB3.0 million, to RMB13.8 million (2QFY2015: RMB10.8 million), due to higher taxable income as a result of higher non-deductible expenses (i.e. exchange loss from revaluation of foreign currency assets and liabilities at the Company level).

REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

10.1 EBITDA (1HFY2016 vs 1HFY2015)

Our EBITDA decreased by 23.5% or RMB69.0 million, to RMB224.6 million (1HFY2015: RMB293.6 million).

10.2 EBITDA (2QFY2016 vs 2QFY2015)

Our EBITDA decreased by 22.7% or RMB33.3 million, to RMB113.1 million (2QFY2015: RMB146.4 million).

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

	Group			
	1HFY2016	**1HFY2015**	**2QFY2016**	**2QFY2015**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Net income	**44,593**	**129,454**	**29,139**	**72,035**
Add / (Less):				
Interest expenses	71,116	52,034	34,184	20,463
Interest income	(51,924)	(51,227)	(26,499)	(26,401)
Income tax expense	32,138	27,059	13,778	10,782
Depreciation of property, plant and equipment	61,249	57,122	30,419	28,686
Amortisation of land use rights	1,553	1,553	776	777
Amortisation of land improvement costs	35,518	39,985	16,501	19,516
Amortisation of operating lease prepayments	28,489	30,371	14,103	14,527
Amortisation of capitalised expense	2,189	2,331	1,099	1,145
Loss on fair value of biological assets less estimated point of sales cost	(350)	4,900	(350)	4,900
EBITDA	**224,571**	**293,582**	**113,150**	**146,430**
EBITDA margins	**22.7%**	**28.7%**	**21.6%**	**27.4%**

REVIEW OF PERFORMANCE (Continued)

(B) Consolidated Balance Sheet (31 December 2015 vs 30 June 2015)

Non-current assets

Non-current assets increased by approximately 5.7% or RMB148.9 million, to RMB2,778.1 million (30 June 2015: RMB2,629.2 million), primarily due to plant and equipment additions of RMB263.8 million and the result of amortisation and depreciation expenses.

Current assets

Current assets increased by 8.3% or RMB413.5 million, to RMB5,376.8 million (30 June 2015: RMB4,963.3 million), primarily due to increased cash and bank balances of RMB473.3 million, offset by a decline in inventories, other receivables and prepayments, of RMB19.8 million and RMB42.7 million respectively.

Non-current liabilities

Non-current liabilities increased by 13.8% or RMB120.2 million to RMB992.2 million (30 June 2015: RMB872.0 million), primarily due to increase in bank loans of RMB53.6 million as result of exchange rate changes, and mark to market value of the derivative financial instrument, amounting to RMB68.2 million. This derivative financial instrument is pertaining to the Cross Currency Swap transactions entered pursuant to the long term loan facility.

Current liabilities

Current liabilities increased by 31.3% or RMB465.1million, to RMB1,952.6 million (30 June 2015: RMB1,487.5 million). This was largely attributable to an aggregated increase in trade and other payables and accruals of RMB488.1 million.

Working capital days

	For the 12 Months ended	
Days	31 December 2015	30 June 2015
Trade Receivables Turnover [(1)]	80	83
Trade Payables Turnover [(2)]	(41)	(42)
Inventory Turnover [(3)]	24	36
Cash Conversion	63	77

The turnover days remained relatively stable.

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

REVIEW OF PERFORMANCE (Continued)

(C) Consolidated Cash Flow Statement

1HFY2016

For the 6 months ended 31 December 2015, net cash generated from operating activities amounts to RMB378.9 million. This comprised cash generated from operating activities before changes in working capital of RMB230.8 million, net working capital inflow of RMB134.0 million, income tax payment of RMB24.2 million and interest income of RMB38.3 million received.

For the 6 months ended 31 December 2015, net cash used in investing activities of RMB263.8 million was mainly due to property, plant and equipment additions of RMB263.5 million.

For the 6 months ended 31 December 2015, net cash generated from financing activities of RMB299.1 million was mainly attributable to the advance from other payable amounting to RMB400.0 million offset by the net repayment from our bank borrowings, amounting to RMB33.1 million and interest paid, of RMB71.3 million.

2QFY2016

For the 3 months ended 31 December 2015, net cash generated from operating activities amounts to RMB285.2 million. This comprised cash generated from operating activities before changes in working capital of RMB120.8 million, net working capital inflow of RMB146.1 million and interest income of RMB18.3 million received.

For the 3 months ended 31 December 2015, net cash used in investing activities of RMB262.1 million was due to property, plant and equipment additions of RMB262.1 million.

For the 3 months ended 31 December 2015, net cash generated from financing activities of RMB296.9 million was mainly attributable to the advance from other payable amounting to RMB400.0 million offset by the net repayment from our bank borrowings, amounting to RMB77.9million and interest paid of RMB27.9 million.

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.

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.

On the back of rising urbanization and declining rural labour, the cultivation and processed business segments will continue to face challenges ahead in view of the shortage of rural labour for cultivation activities and rising costs. However the agriculture industry in PRC continues to be strongly supported and favoured by the PRC government, particularly in the use of modern agriculture technology to increase food security.

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

For the financial period ended 31 December 2015, the Group has been supplying processed vegetables to the Company's immediate holding company, PT Indofood Sukses Makmur Tbk. These sales, amounting to RMB0.1 million, were transacted on an arm's length basis in the ordinary and usual course of business. To date, no interested person transactions ("IPT") mandate has been obtained.

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

14. Confirmation by the Board of Directors pursuant to Rule 705(5) of the listing manual.

The Board confirms that, to the best of their knowledge, nothing has come to their attention which may render the interim financial statements for the half year ended 31 December 2015, to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

LIN GUO RONG
Chief Executive Officer
5 February 2016