

# 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 July 2016 to 30 September 2016 ("5QFY16") and the results for the financial period from 1 July 2015 to 30 September 2016 ("15MFY16"). The comparatives are for the quarter period from 1 July 2015 to 30 September 2015 ("1QFY16") and the financial period from 1 July 2014 to 30 September 2015 ("15MFY15") respectively. 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					Change
		15MFY16	15MFY15 Restated	Change	5QFY16	1QFY16 Restated	
		RMB'000	RMB'000	%	RMB'000	RMB'000	
<b>Revenue</b>	1	2,234,915	2,438,840	(8.4)	412,400	467,695	(11.8)
Cost of sales		(1,626,904)	(1,709,345)	(4.8)	(313,683)	(349,560)	(10.3)
<b>Gross profit</b>	2	608,011	729,495	(16.7)	98,717	118,135	(16.4)
<i>Gross profit margin (%)</i>		27.2%	29.9%	(2.7ppt)	23.9%	25.3%	(1.4ppt)
Other income	3	247,107	256,294	(3.6)	44,612	47,304	(5.7)
Selling and distribution expenses	4	(46,296)	(92,553)	(50.0)	(7,276)	(9,041)	(19.5)
Administrative expenses	5	(209,931)	(202,523)	3.7	(39,314)	(43,745)	(10.1)
Other expenses	6	(198,628)	(101,046)	96.6	(9,624)	(42,087)	(77.1)
Finance cost	7	(177,934)	(137,710)	29.2	(28,265)	(36,932)	(23.5)
<b>Profit before income tax</b>	8	222,329	451,957	(50.8)	58,850	33,634	75.0
Income tax	9	(44,420)	(100,276)	(55.7)	(13,750)	(18,360)	(25.1)
<b>Profit for the period</b>		177,909	351,681	(49.4)	45,100	15,274	>100

### Other comprehensive income / (loss) :

Items that may be reclassified subsequently to profit or loss

Currency translation difference arising from consolidation	1,173	(10,239)	nm	164	(943)	nm
Fair value gain / (loss) arising from cash flow hedge	42,680	(9,305)	nm	(9,216)	(38,192)	(75.9)
<b>Total comprehensive income for the period</b>	221,762	332,137	(33.2)	36,048	(23,861)	nm

### Earnings per share (RMB)

Basic	0.27	0.54		0.07	0.02
Diluted	0.27	0.54		0.07	0.02

nm: Not meaningful

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**Profit before income tax**

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

	<b>Group</b>			
	<b>15MFY16</b>	<b>15MFY15 Restated</b>	<b>5QFY16</b>	<b>1QFY16 Restated</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Depreciation of property, plant and equipment	151,666	150,587	29,562	31,010
Property, plant and equipment written off	79	278	-	79
Amortisation of land use rights	3,883	3,883	777	777
Amortisation of land improvement costs	77,721	97,791	14,585	19,017
Amortisation of operating lease prepayments	70,883	73,812	14,155	14,386
Impairment allowance for trade receivables	14,586	19,330	-	-
Reversal of allowance for trade receivables	(13,473)	(8,475)	-	-
Amortisation of government grant	(10,593)	(11,999)	(2,363)	(1,524)
Interest income	(103,574)	(132,039)	(14,705)	(25,425)
Interest expense	183,615	143,326	29,454	38,022

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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	
	30.9.2016	30.06.2015	01.07.2014	30.9.2016	30.06.2015
	RMB'000	Restated RMB'000	Restated RMB'000	RMB'000	RMB'000
<b>Capital and reserves</b>					
Share capital	1,503,789	1,503,789	1,503,789	1,503,789	1,503,789
Statutory reserve fund	135,618	130,507	114,349	-	-
Employees' share option reserve	-	2,889	4,629	-	2,889
Translation (deficit) / surplus	(7,317)	(8,490)	806	(19,153)	(116,720)
Hedging reserve / (deficit)	42,394	(286)	(29,173)	42,394	(286)
Retained earnings/ (Accumulated losses)	3,664,177	3,488,490	3,493,315	(210,554)	(86,873)
<b>TOTAL EQUITY</b>	<b>5,338,661</b>	<b>5,116,899</b>	<b>5,087,715</b>	<b>1,316,476</b>	<b>1,302,799</b>
<b>Non-current assets</b>					
Property, plant and equipment	2,176,137	2,045,884	2,157,206	1,068	1,158
Land use rights	127,604	131,487	134,741	-	-
Land improvement costs	108,166	88,139	175,249	-	-
Investment in subsidiaries	-	-	-	1,291,011	1,194,617
Operating lease prepayments	179,403	241,598	328,775	-	-
Loan to a subsidiary	-	-	-	516,569	774,853
Deferred tax assets	23,000	6,000	6,000	-	-
Derivative financial instruments	45,544	-	-	45,544	-
	2,659,854	2,513,108	2,801,971	1,854,192	1,970,628
<b>Current assets</b>					
Land use rights	3,125	3,125	2,977	-	-
Biological assets	29,014	23,109	20,948	-	-
Inventories	37,857	61,507	106,614	-	-
Trade receivables	163,089	421,095	476,607	-	-
Due from a subsidiary (non-trade)	-	-	-	555,975	519,452
Operating lease prepayments	55,390	56,518	63,418	-	-
Other receivables and prepayments	105,168	136,058	149,895	268	273
Cash and bank balances	4,557,932	4,261,919	3,267,417	15,458	6,569
Loan to a subsidiary	-	-	-	172,190	86,095
	4,951,575	4,963,331	4,087,876	743,891	612,389
<b>TOTAL ASSETS</b>	<b>7,611,429</b>	<b>7,476,439</b>	<b>6,889,847</b>	<b>2,598,083</b>	<b>2,583,017</b>

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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	
	30.9.2016	30.06.2015	01.07.2014	30.9.2016	30.06.2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Current liabilities</b>					
Trade payables	132,105	212,589	103,453	-	-
Other payables and accruals	516,697	320,805	124,640	141,531	213,793
Bank term loans	958,001	944,404	593,680	489,001	203,225
Income tax liabilities	14,834	7,098	820	14,834	7,098
Government grants	2,800	2,628	3,265	-	-
	1,624,437	1,487,524	825,858	645,366	424,116
<b>Non-current liabilities</b>					
Bank term loans	591,241	810,816	903,595	591,241	810,816
Government grants	12,090	15,914	18,506	-	-
Deferred tax liabilities	45,000	45,000	25,000	45,000	45,000
Derivative financial instruments	-	286	29,173	-	286
	648,331	872,016	976,274	636,241	856,102
<b>TOTAL LIABILITIES</b>	2,272,768	2,359,540	1,802,132	1,281,607	1,280,218
<b>NET ASSETS</b>	5,338,661	5,116,899	5,087,715	1,316,476	1,302,799

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

**Bank term loans**

	<u>30.9.2016</u>	<u>30.6.2015</u>
	<u>RMB'000</u>	<u>RMB'000</u>
<b><u>Non-current portion</u></b>		
Interest bearing loan, unsecured <sup>(1)</sup>	737,654	922,068
Adjustment for		
- Loan expenses	(23,419)	(23,419)
- Currency alignment	62,977	(4,653)
	<hr/>	<hr/>
	777,212	893,996
Add: Amortisation of loan expenses	14,131	8,450
	<hr/>	<hr/>
Net carrying amount at end of year	791,343	902,446
Less: Repayable not more than one year	(200,102)	(91,630)
	<hr/>	<hr/>
<b>Total bank loan included in non-current liabilities</b>	<b>591,241</b>	<b>810,816</b>
	<hr/>	<hr/>
<b><u>Current portion</u></b>		
Syndicated loan	200,102	91,630
Interest bearing loans <sup>(2)</sup>		
- Unsecured	757,899	692,774
- Guaranteed <sup>(3)</sup>	-	160,000
	<hr/>	<hr/>
<b>Total bank loan included in current liabilities</b>	<b>958,001</b>	<b>944,404</b>
	<hr/>	<hr/>
<b>Total bank term loans</b>	<b>1,549,242</b>	<b>1,755,220</b>
	<hr/>	<hr/>

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

Note (2): As at 30 September 2016, interest rates for short-term interest bearing loans range from 2.4% to 7.5% (2015: 3.2% to 9.3%) per annum.

Note (3): As at 30 June 2015, Sichuan Minzhong Organic Food Co., Ltd (a subsidiary of the Company) is providing guarantee for RMB160 million short term bank loans 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			
	15MFY16	15MFY15	5QFY16	1QFY16
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from operating activities</b>				
Profit before income tax	222,329	451,957	58,850	33,634
Adjustments for:				
Translation difference	74,750	9,919	(26,695)	35,877
Depreciation of property, plant and equipment	151,666	150,587	29,562	31,010
Property, plant and equipment written off	79	278	-	79
Gain on disposal of operating lease prepayments and land improvement costs	-	(1,013)	-	-
Amortisation of land use rights	3,883	3,883	777	777
Amortisation of land improvement costs	77,721	97,791	14,585	19,017
Amortisation of operating lease prepayments	70,883	73,812	14,155	14,386
Impairment allowance for trade receivables	14,586	19,330	-	-
Other receivables written off	11,945	-	-	-
Reversal of allowance for trade receivables	(13,473)	(8,475)	-	-
Amortisation of government grant	(10,593)	(11,999)	(2,363)	(1,524)
Reclassification adjustments from hedging reserve to profit or loss	(3,150)	-	(8,809)	-
Interest income	(103,574)	(132,039)	(14,705)	(25,425)
Interest expenses on bank term loans	183,615	143,326	29,454	38,022
<b>Operating profit before working capital changes</b>	<b>680,667</b>	<b>797,357</b>	<b>94,811</b>	<b>145,853</b>
Inventories	23,650	26,978	56	(18,129)
Biological assets	(5,905)	(6,285)	(2,624)	(4,124)
Trade receivables	267,174	(21,912)	46,310	(66,569)
Other receivables and prepayments	33,078	30,843	(12,566)	47,636
Trade payables	(80,484)	139,969	44,784	30,833
Other payables and accruals	263,049	(2,579)	289,871	(1,804)
<b>Cash generated from operations</b>	<b>1,181,229</b>	<b>964,371</b>	<b>460,642</b>	<b>133,696</b>
Income tax paid	(64,534)	(89,876)	(9,630)	(24,256)
Interest received	88,363	121,758	13,998	20,049
<b>Net cash from operating activities</b>	<b>1,205,058</b>	<b>996,253</b>	<b>465,010</b>	<b>129,489</b>

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(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			
	15MFY16	15MFY15	5QFY16	1QFY16
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(272,644)	(23,938)	(3,858)	(1,354)
Refund of deposit for land use rights	-	43,840	-	-
Proceeds from disposal of property, plant and equipment	-	11,051	-	-
Proceeds from disposal of operating lease prepayments and land improvement costs	-	44,000	-	-
Proceeds from disposal of property, plant and equipment	17	-	-	-
Addition to operating lease prepayments	(7,560)	-	-	-
Addition to land improvement costs	(97,748)	(368)	-	(368)
<b>Net cash (used in) / from investing activities</b>	<b>(377,935)</b>	<b>74,585</b>	<b>(3,858)</b>	<b>(1,722)</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank term loans	1,665,193	1,445,391	378,000	379,143
Advance from other payable	(69,598)	189,987	-	-
Repayment of bank term loans	(1,959,113)	(1,129,867)	(621,662)	(334,418)
Government grant received	6,941	8,071	1,508	825
Dividend paid	-	(326,814)	-	-
Interest paid	(174,533)	(132,236)	(34,707)	(43,328)
<b>Net cash (used in) / from financing activities</b>	<b>(531,110)</b>	<b>54,532</b>	<b>(276,861)</b>	<b>2,222</b>
<b>Net increase in cash and cash equivalents</b>	<b>296,013</b>	<b>1,125,370</b>	<b>184,291</b>	<b>129,989</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>4,261,919</b>	<b>3,267,417</b>	<b>4,373,641</b>	<b>4,261,919</b>
Effects of exchange rate changes in cash and cash equivalents	-	(879)	-	-
<b>Cash and cash equivalents at end of period</b>	<b>4,557,932</b>	<b>4,391,908</b>	<b>4,557,932</b>	<b>4,391,908</b>

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

<u>Group</u>	Share Capital	Statutory reserve fund	Employees' share option reserve	Translation reserve/ (deficit)	Hedging (deficit)/ reserve	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1.7.2014</b>	1,503,789	114,349	4,629	806	(29,173)	3,625,355	5,219,755
Cumulative effect of adopting FRS16 & FRS41	-	-	-	-	-	(132,040)	(132,040)
<b>Balance at 1.7.2014 (Restated)</b>	1,503,789	114,349	4,629	806	(29,173)	3,493,315	5,087,715
Profit for the year	-	-	-	-	-	320,477	320,477
Effect of adopting FRS16 & FRS41	-	-	-	-	-	15,930	15,930
Other comprehensive (loss) / income, net of tax	-	-	-	(9,296)	28,887	-	19,591
Total comprehensive income for the year	-	-	-	(9,296)	28,887	336,407	355,998
Dividend declared	-	-	-	-	-	(326,814)	(326,814)
Expiry of employees' share option	-	-	(1,740)	-	-	1,740	-
Appropriation to statutory reserve fund	-	16,158	-	-	-	(16,158)	-
<b>Balance at 30.6.2015</b>	1,503,789	130,507	2,889	(8,490)	(286)	3,488,490	5,116,899
<b>Balance at 1.7.2015</b>	1,503,789	130,507	2,889	(8,490)	(286)	3,488,490	5,116,899
Profit for the year	-	-	-	-	-	177,909	177,909
Other comprehensive income, net of tax	-	-	-	1,173	42,680	-	43,853
Total comprehensive income for the year	-	-	-	1,173	42,680	177,909	221,762
Expiry of employees' share option	-	-	(2,889)	-	-	2,889	-
Appropriation to statutory reserve fund	-	5,111	-	-	-	(5,111)	-
<b>Balance at 30.9.2016</b>	1,503,789	135,618	-	(7,317)	42,394	3,664,177	5,338,661



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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)

**Company**

	Share Capital RMB'000	Employees' share option reserve RMB'000	Translation deficit RMB'000	Hedging (deficit)/ reserve RMB'000	Retained earnings/ (Accumulated losses) RMB'000	Total equity RMB'000
<b>Balance at 1.7.2014</b>	1,503,789	4,629	(1,207)	(29,173)	46,509	1,524,547
Profit for the year	-	-	-	-	191,692	191,692
Other comprehensive income / (loss), net of tax	-	-	(115,513)	28,887	-	(86,626)
Total comprehensive income for the year	-	-	(115,513)	28,887	191,692	105,066
Dividend declared	-	-	-	-	(326,814)	(326,814)
Expiry of employees' share option	-	(1,740)	-	-	1,740	-
<b>Balance at 30.6.2015</b>	<b>1,503,789</b>	<b>2,889</b>	<b>(116,720)</b>	<b>(286)</b>	<b>(86,873)</b>	<b>1,302,799</b>
<b>Balance at 1.7.2015</b>	<b>1,503,789</b>	<b>2,889</b>	<b>(116,720)</b>	<b>(286)</b>	<b>(86,873)</b>	<b>1,302,799</b>
Loss for the year	-	-	-	-	(126,570)	(126,570)
Other comprehensive income, net of tax	-	-	97,567	42,680	-	140,247
Total comprehensive income for the year	-	-	97,567	42,680	(126,570)	13,677
Expiry of employees' share option	-	(2,889)	-	-	2,889	-
<b>Balance at 30.9.2016</b>	<b>1,503,789</b>	<b>-</b>	<b>(19,153)</b>	<b>42,394</b>	<b>(210,554)</b>	<b>1,316,476</b>

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**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held on treasury shares, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

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.**

	<b>Issued and Paid Up Share Capital</b>	
	<b>Number of Shares</b>	<b>(\$'000)</b>
As at 30 June 2015 and 30 September 2016	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 year and the immediately preceding financial year, the Company does not have any outstanding treasury shares.

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

The figures have been reviewed by the Group's auditors. Please refer to appendix.

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).**

Please refer to appendix.

**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 accounting policies and methods of computation have been consistently applied by the Company and the Group, and are consistent with those used in the previous financial year, except as disclosed in Note 5 below.

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5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Amendments to FRS 16 and FRS 41: Agriculture – Bearer Plants

The Group adopted the amendments to FRS 16 and FRS 41 with effect from 1 January 2016. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of FRS 41. Instead, bearer plants will be measured under FRS 16 at accumulated cost (before maturity) using the cost model (after maturity). However, the agricultural produce growing on bearer plants will remain within the scope of FRS 41 to be measured at fair value less costs to sell. We have applied these amendments retrospectively.

Based on its initial adoption on 1 January 2016, the Group's total assets decreased approximate RMB116.8 million with a corresponding decrease of RMB116.8 million in total equity.

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

Diluted earnings per share is calculated on the same basis as the basic earnings per share except that the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential ordinary shares. The Company has no dilutive potential ordinary shares as at 30 September 2016.

	15MFY16	15MFY15	5QFY16	1QFY16
Based on weighted average number of ordinary shares on issue (RMB)	0.27	0.54	0.07	0.02
Weighted average number of shares (in thousands)	655,439	655,439	655,439	655,439

	15MFY16	15MFY15	5QFY16	1QFY16
On a fully diluted basis (RMB)	0.27	0.54	0.07	0.02
Weighted average number of shares (in thousands)	655,439	655,439	655,439	655,439

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the: (a) current financial period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	30.9.2016	30.6.2015	30.9.2016	30.6.2015
Net asset value per ordinary share based on issued share capital at the end of the financial year (RMB):	8.15	7.80	2.01	1.99
No. of shares in computing NAV (in thousands)	655,439	655,439	655,439	655,439

# CHINA MINZHONG FOOD CORPORATION LIMITED

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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 15MFY16, 15MFY15, 5QFY16 and 1QFY16 respectively:-

	15MFY16		15MFY15		5QFY16		1QFY16	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
<b>Processed Business Segment:</b>								
- Processed vegetables	1,154,744	51.7	1,101,120	45.1	202,180	49.0	196,343	42.0
<b>Subtotal</b>	<b>1,154,744</b>	<b>51.7</b>	<b>1,101,120</b>	<b>45.1</b>	<b>202,180</b>	<b>49.0</b>	<b>196,343</b>	<b>42.0</b>
<b>Cultivation Business Segment:</b>								
- Fresh vegetables produce	733,912	32.8	802,424	32.9	116,171	28.2	138,760	29.7
- Mushroom spores <sup>(1)</sup>	140,903	6.3	144,562	5.9	57,319	13.9	67,294	14.4
<b>Subtotal</b>	<b>874,815</b>	<b>39.1</b>	<b>946,986</b>	<b>38.8</b>	<b>173,490</b>	<b>42.1</b>	<b>206,054</b>	<b>44.1</b>
<b>Branded Business Segment:</b>								
- Beverages	177,734	8.0	371,190	15.2	33,937	8.2	58,832	12.6
- Others <sup>(2)</sup>	27,622	1.2	19,544	0.9	2,793	0.7	6,466	1.3
<b>Subtotal</b>	<b>205,356</b>	<b>9.2</b>	<b>390,734</b>	<b>16.1</b>	<b>36,730</b>	<b>8.9</b>	<b>65,298</b>	<b>13.9</b>
<b>Total revenue</b>	<b>2,234,915</b>	<b>100.0</b>	<b>2,438,840</b>	<b>100.0</b>	<b>412,400</b>	<b>100.0</b>	<b>467,695</b>	<b>100.0</b>

Note:-

(1) Sales of mushroom spores.

(2) Miscellaneous products, such as instant food and health food products.

# CHINA MINZHONG FOOD CORPORATION LIMITED

## (Registration No. 200402715N)

### REVIEW OF PERFORMANCE (Continued)

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

##### 1. Revenue (continued)

###### 15MFY16 vs 15MFY15

Revenue for 15MFY16 decreased by 8.4% or RMB203.9 million, to RMB2,234.9 million (15MFY15: RMB2,438.8 million). This was mainly due to a decrease in sales of RMB72.2 million from the cultivation business segment and RMB185.3 million from the branded business segment offset by increased in sales of RMB53.6 million from the processed business segment.

Revenue of processed business segment increased by 4.9% was primarily due to increase in average selling price by 7.3%, offset by a decrease in sales volume by 2.3%. Revenue of cultivation business segment decreased by 7.6% from RMB947.0 million to RMB874.8 million mainly due to decline in sales volume by 16.2% offset by an increase in average selling price by 10.2%. Revenue from beverage business decreased by RMB193.5 million to RMB177.7 million primarily due to the slowdown of the economy and re-focusing of our corporate strategy to the core business.

###### 5QFY16 vs 1QFY16

Revenue for 5QFY16 declined by 11.8% or RMB55.3 million, to RMB412.4 million (1QFY16: RMB467.7 million). The decline was due to a decrease in sales of RMB32.5 million from the cultivation business segment and RMB28.6 million from the branded business segment offset by increase in sales of RMB5.8 million from the processed business segment.

Revenue of processed business segment increased by 3.0% to RMB202.2 million primarily due to increase in sales volume by 15.1% as a result of increased orders for processed vegetables. Revenue of cultivation business segment decreased by 15.8% to RMB173.5 million (1QFY16: RMB206.1 million) mainly due to decline in sales volume by 22.3% offset by increase in average selling price by 8.4%. The scarcity of rural labour have resulted in the decline of fresh vegetables volume output. Revenue from beverage business decreased by RMB24.9 million to RMB33.9 million as a result of decreased in sales volume.

# CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

## REVIEW OF PERFORMANCE (Continued)

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

#### 2. Gross Profit

The following table provides a breakdown of our gross profit by business segments in FY2016, FY2015, 4QFY2016 and 4QFY2015 respectively:-

	15MFY16		15MFY15		5QFY16		1QFY16	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
<b>Processed Business Segment:</b>								
- Processed vegetables	268,720	44.2	261,831	35.9	52,894	53.6	39,030	33.0
<b>Subtotal</b>	<b>268,720</b>	<b>44.2</b>	<b>261,831</b>	<b>35.9</b>	<b>52,894</b>	<b>53.6</b>	<b>39,030</b>	<b>33.0</b>
<b>Cultivation Business Segment:</b>								
- Fresh vegetables produce	247,162	40.7	282,524	38.7	23,842	24.2	43,298	36.7
- Mushroom spores <sup>(1)</sup>	18,302	3.0	12,358	1.7	9,873	10.0	6,792	5.7
<b>Subtotal</b>	<b>265,464</b>	<b>43.7</b>	<b>294,882</b>	<b>40.4</b>	<b>33,715</b>	<b>34.2</b>	<b>50,090</b>	<b>42.4</b>
<b>Branded Business Segment:</b>								
- Beverages	71,093	11.7	171,175	23.5	11,350	11.5	27,931	23.7
- Others <sup>(2)</sup>	2,734	0.4	1,607	0.2	758	0.7	1,084	0.9
<b>Subtotal</b>	<b>73,827</b>	<b>12.1</b>	<b>172,782</b>	<b>23.7</b>	<b>12,108</b>	<b>12.2</b>	<b>29,015</b>	<b>24.6</b>
<b>Total gross profit</b>	<b>608,011</b>	<b>100.0</b>	<b>729,495</b>	<b>100.0</b>	<b>98,717</b>	<b>100.0</b>	<b>118,135</b>	<b>100.0</b>

Note:-

(1) Sales of mushroom spores.

(2) Miscellaneous products, such as instant food and health food products.

#### 15MFY16 vs 15MFY15

Gross profit for 15MFY16 decreased by 16.7% or RMB121.5 million, to RMB608.0 million (15MFY15: RMB729.5 million). Overall gross profit margin decreased by 2.7ppt to 27.2% (15MFY15: 29.9%).

Gross profit and gross profit margin for processed business segment remains relatively stable at RMB268.7 million (15MFY15: RMB261.8 million) and 23.3% (15MFY15: 23.8%) respectively. Gross profit margin for cultivation business segment also remains relatively stable at 30.3% (15MFY15: 31.1%). Gross profit from beverage business decreased to RMB71.1 million (15MFY15: RMB171.2 million) in tandem with the decrease in revenue.

# CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

## REVIEW OF PERFORMANCE (Continued)

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

#### Gross Profit

#### 5QFY16 vs 1QFY16

Gross profit for 5QFY16 decreased by 16.4% or RMB19.4 million, to RMB98.7 million (1QFY16: RMB118.1 million). Overall gross profit margin for 5QFY16 had decreased by 1.4ppt to 23.9% (1QFY16: 25.3%).

Gross profit of processed business segment increased by 35.5% to RMB52.9 million. Gross profit margin for processed business segment improved by 6.3ppt to 26.2% (1QFY16: 19.9%), primarily due to shift in product mix. Gross profit from cultivation business segment decreased by 32.7% in tandem with the decrease in revenue. Gross profit margin for cultivation business segment decreased by 4.9ppt primarily due to increase in labour costs. Gross profit from beverage business decreased by RMB16.6 million, in tandem with the decrease in revenue.

### 3 Other income

The breakdown of other income is as follows:

Other income	15MFY16	15MFY15	5QFY16	1QFY16
	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	103,574	132,039	14,705	25,425
Rental income <sup>(1)</sup>	95,836	93,740	18,438	19,902
Government grants	10,593	11,999	2,363	1,524
Net fair value gains on derivative financial instruments	21,682	-	8,809	-
Reversal of allowance for doubtful debts	13,473	8,475	-	-
Gain on disposal of operating lease prepayments and land improvement costs	-	1,013	-	-
Others	1,949	9,028	297	453
<b>Total</b>	<b>247,107</b>	<b>256,294</b>	<b>44,612</b>	<b>47,304</b>

Note:-

(1) Comprise of proceeds from renting of farmland and building spaces to third parties

Other income for 15MFY16 and 5QFY16 remains relatively stable at RMB247.1 million (15MFY15: RMB256.3 million) and RMB44.6 million (1QFY16: RMB47.3 million) respectively.

# CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

## REVIEW OF PERFORMANCE (Continued)

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

#### 4 Selling and distribution expenses

For 15MFY16, selling and distribution expenses decreased by 50.0% or RMB46.3 million, to RMB46.3 million (15MFY15: RMB92.6 million), mainly due to decrease in marketing and advertising expenses of RMB26.5 million and salaries of RMB10.8 million. Selling and distribution expenses for 5QFY16 decreased by 19.5% or RMB1.8 million, mainly due to decrease in marketing and advertising expenses of RMB3.0 million.

#### 5 Administrative expenses

Administrative expenses in 15MFY16 remains relatively stable at RMB209.9 million (15MFY15: RMB202.5 million). For 5QFY16, administrative expenses decreased by 10.1% to RMB39.3 million, mainly due to decrease in repair & maintenance costs of RMB4.6 million.

#### 6 Other expenses

The breakdown of other expenses is as follows:

Other expenses	15MFY16	15MFY15	5QFY16	1QFY16
	RMB'000	RMB'000	RMB'000	RMB'000
Rental expenses	74,377	76,027	14,620	15,590
Allowance for doubtful trade debts	14,586	19,330	-	-
Exchange loss / (gain), net	90,210	(1,537)	(5,230)	21,227
Other receivables written off	11,945	-	-	-
Others	7,510	7,226	234	5,270
<b>Total</b>	<b>198,628</b>	<b>101,046</b>	<b>9,624</b>	<b>42,087</b>

For 15MFY16, other expenses have increased by RMB97.6 million to RMB198.6 million (15MFY15: RMB101.0 million), mainly due to increase in currency exchange loss of RMB91.7 million. For 5QFY16, the decrease in other expenses of RMB32.5 million is mainly due to currency exchange gain.

#### 7 Finance cost

The increase in finance cost of RMB40.2 million for 15MFY16 is mainly due to increased borrowings. The decrease in finance cost of RMB8.7 million for 5QFY16 is mainly due to decreased borrowings.

#### 8 Profit before income tax

The Group reported lower profit before income tax of RMB222.3 million for 15MFY16, mainly due to lower gross profits and increase in currency exchange loss. For 5QFY16, the Group reported higher profit before income tax of RMB58.9 million, mainly due to decrease in other expenses as discussed above.



# CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

## REVIEW OF PERFORMANCE (Continued)

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

#### 9 Income tax

For 15MFY16, income tax decreased by 55.7% was in tandem with the decrease in profit before income tax. For 5QFY16, income tax expense decreased by 25.1%, to RMB13.8 million was 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) in 1QFY16.

#### 10 EBITDA

EBITDA for 15MFY16 decreased by 22.9% to RMB710.1 million while EBITDA for 5QFY16 increased RMB10.5 million. EBITDA margin for 15MFY16 and 5QFY16 is 31.8% and 35.7% respectively.

### (B) Review of Financial Position

Total non-current assets of RMB2,659.8 million was 5.8% or RMB146.7 million higher than 30 June 2015. The increase was principally attributable to additions to property, plant and equipment and land improvement costs, partly offset by depreciation and amortisation of assets.

Current assets remains relatively constant at RMB4,951.6 million (30 June 2015: RMB4,963.3 million) as the decrease in trade and other receivables of RMB288.9 million was offset by the increase in cash and bank balances of RMB296.0 million.

As at 30 September 2016, total liabilities of RMB2,272.7 million were approximately RMB86.8 million or 3.7% lower than RMB2,359.5 million at 30 June 2015. The decrease is mainly due decrease in bank term loans of RMB206.0 million offset by increase in trade and other payables of RMB115.4 million.

### (C) Review of Cash Flows

The Group generated net cash from operating activities of RMB1,205.0 million (15MFY15: RMB996.3 million) and RMB465.0 million (1QFY16: RMB129.5 million) for 15MFY16 and 5QFY16 respectively.

Net cash used in investing activities for 15MFY16 was RMB377.9 million. This comprise principally capital expenditure relating to additions of property, plant and equipment and land improvements costs.

Net cash used in financing activities for 15MFY16 and 5QFY16 was RMB531.1 million and RMB276.9 million respectively, primarily due to interest payment and net repayment of bank term loans.

As a results, Group cash level increased RMB296.0 million from RMB4,261.9 million as at 30 June 2015 to RMB4,557.9 million as at 30 September 2016.

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

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast had been issued for the financial period under review.

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/recommendeded, a statement to that effect.**

No dividend has been declared/recommendeded for the current financial period reported on.

13. **Present on-going interested person transactions**

For the financial period ended 30 September 2016, 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 period ended 30 September 2016, 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.

**16. The Singapore Code on Take-overs and Mergers**

This announcement has been reported on in accordance with Rule 25 of the Singapore Code on Take-overs and Mergers.

**17. Auditors' Consent**

Crowe Horwath First Trust LLP has given and has not withdrawn its consent to the publication of their report entitled "Report on review of condensed consolidated interim financial information for the three-month period ended 30 September 2016" in the announcement.

BY ORDER OF THE BOARD

**LIN GUO RONG**  
Chief Executive Officer  
24 October 2016

**TO THE BOARD OF DIRECTORS OF CHINA MINZHONG FOOD  
CORPORATION LIMITED**8 Shenton Way  
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www.crowehorwath.com.sg**Report on review of condensed consolidated interim financial information for the three-month period ended 30 September 2016***Introduction*

We have reviewed the accompanying condensed consolidated interim statement of financial position of China Minzhong Food Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") as at 30 September 2016 and the related condensed consolidated interim statement of profit or loss and other comprehensive income, changes in equity and cash flow for the three-month ended 30 September 2016 and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidation interim financial information in accordance with Singapore Financial Reporting Standards 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated Interim Financial information based on our review.

*Scope of review*

We conducted our review in accordance with Singapore Standards on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of the interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared in all material respects, in accordance with Singapore Financial Reporting Standards 34 *Interim Financial Reporting*.

*Other matter*

The comparative information for the condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated interim statement of cash flows of the Group, and related explanatory notes, for the first quarter ended 30 September 2015 has not been audited or reviewed.

**Report on review of condensed consolidated interim financial information for the three-month period ended 30 September 2016 (Continued)**

*Restriction of Use*

Our work was undertaken solely to assist the Company to meet the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited – ST Listing Manual and for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and is not to be used for any other purpose. Our report should not be quoted or referred to, in whole or in part, without our prior written permission, for any other purpose. We do not assume any responsibility or liabilities for losses occasioned to the directors of the Company or any other party as result of the circulation, publication, reproduction or use of the report contrary to the provision of this paragraph.

Yours faithfully

*Crowe Horwath First Trust LLP*

**Crowe Horwath First Trust LLP**  
Public Accountants and  
Chartered Accountants  
Singapore

24 October 2016