

CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

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

The directors are pleased to announce the results for the quarter period from 1 April 2014 to 30 June 2014 ("4QFY2014") and the results for the financial year ended 30 June 2014 ("FY2014"). The comparatives are for the quarter period from 1 April 2013 to 30 June 2013 ("4QFY2013") and the financial year ended 30 June 2013 ("FY2013"). 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					
		FY2014	FY2013	Change	4QFY2014	4QFY2013	Change
		RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	1	2,896,635	3,247,773	(10.8%)	663,599	811,279	(18.2%)
Cost of sales		(1,944,495)	(2,132,115)	(8.8%)	(443,192)	(518,668)	(14.6%)
Gross profit	2	952,140	1,115,658	(14.7%)	220,407	292,611	(24.7%)
Gross profit margin (%)		32.9%	34.4%	(1.5ppt)	33.2%	36.1%	(2.9ppt)
Gain / (loss) on fair value of biological assets less estimated point of sales cost	3	8,800	(18,000)	nm	8,800	(9,000)	nm
Other income	4	136,403	49,389	176.2%	44,401	15,280	190.6%
Selling and distribution expenses	5	(161,593)	(121,398)	33.1%	(41,912)	(51,301)	(18.3%)
Administrative expenses	6	(165,039)	(124,495)	32.6%	(47,763)	(43,932)	8.7%
Other expenses	7	(83,966)	(51,354)	63.5%	(17,831)	(24,092)	(26.0%)
Financial cost	8	(65,089)	(47,877)	36.0%	(15,520)	(7,806)	98.8%
Profit before income tax	9	621,656	801,923	(22.5%)	150,582	171,760	(12.3%)
Income tax	10	(112,199)	(46,858)	139.4%	(24,700)	(9,101)	171.4%
Profit for the year / period		509,457	755,065	(32.5%)	125,882	162,659	(22.6%)
Net profit margin (%)		17.6%	23.2%	(5.6ppt)	19.0%	20.0%	(1.0ppt)
Other comprehensive income (loss) / income :							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Currency translation gain / (loss) arising from consolidation		1,483	(6,783)	nm	1,516	(1,481)	nm
Fair value (loss) / gain arising from cash flow hedge		(29,173)	-	nm	3,292	-	nm
Total comprehensive income for the period		481,767	748,282	(35.6%)	130,690	161,178	(18.9%)
Earnings per share (RMB)							
Basic		0.78	1.28	(39.1%)	0.19	0.25	(24.0%)
Diluted		0.78	1.28	(39.1%)	0.19	0.25	(24.0%)

nm: not meaningful

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Profit before income tax

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

	Group			
	FY2014	FY2013	4QFY2014	4QFY2013
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation of property, plant and equipment	97,979	81,012	27,827	21,751
Property, plant and equipment written off	455	376	-	253
Gain on disposal of assets	-	(1,170)	-	(1,170)
Amortisation of land use rights	2,888	2,751	762	621
Amortisation of land improvement costs	84,472	91,823	20,470	22,883
Amortisation of operating lease prepayments	63,680	67,054	15,978	16,388
Other payables written off	-	(5,220)	-	(5,220)
Amortisation of capitalised expense	3,924	-	1,189	-
Impairment allowance for trade receivables	19,288	11,451	6,325	11,451
Reversal of allowance for trade receivables	(10,481)	(1,201)	(7,894)	-
(Gain) / loss on fair value of biological assets less estimated point of sales cost	(8,800)	18,000	(8,800)	9,000
Amortisation of government grant	(30,534)	(7,963)	(1,530)	(948)
Interest income	(46,023)	(459)	(20,739)	(160)
Interest expenses	65,089	47,877	15,520	8,185
Employees' share option expense	-	2,889	-	-

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

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	30.6.2014	30.06.2013	30.6.2014	30.06.2013
	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	114,349	93,995	-	-
Employees' share option reserve	4,629	4,629	4,629	4,629
Translation surplus / (deficit)	806	(677)	(1,207)	(19,040)
Hedging deficit	(29,173)	-	(29,173)	-
Retained earnings/ (Accumulated losses)	3,625,355	3,168,278	46,509	(112,078)
TOTAL EQUITY	5,219,755	4,770,014	1,524,547	1,377,300
Non-current assets				
Deferred tax assets	6,000	6,000	-	-
Property, plant and equipment	2,130,446	2,068,503	1,408	1,537
Land use rights	134,741	123,740	-	-
Biological assets	158,800	150,000	-	-
Land improvement costs	175,249	259,721	-	-
Investment in subsidiaries	-	-	1,300,835	1,293,640
Operating lease prepayments	328,775	372,782	-	-
Loan to a subsidiary	-	-	860,948	-
Current assets				
Land use rights	2,977	2,766	-	-
Biological assets	20,948	33,641	-	-
Inventories	106,614	69,397	-	-
Trade receivables	476,607	1,097,969	-	-
Due from a subsidiary (non-trade)	-	-	283,989	86,073
Operating lease prepayments	63,418	62,787	-	-
Other receivables and prepayments	149,895	761,176	220	588
Cash and bank balances	3,267,417	826,431	56,073	16,850
	4,087,876	2,854,167	340,282	103,511
TOTAL ASSETS	7,021,887	5,834,913	2,503,473	1,398,688

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

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	30.6.2014	30.06.2013	30.6.2014	30.06.2013
	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities				
Trade payables	103,453	303,698	-	-
Other payables and accruals	124,640	97,771	20,338	18,738
Bank term loans	593,680	635,646	-	-
Income tax liabilities	820	45	820	-
Government grants	3,265	3,354	-	-
	825,858	1,040,514	21,158	18,738
Non-current liabilities				
Government grants	18,506	21,735	-	-
Bank term loans	903,595	-	903,595	-
Deferred tax liabilities	25,000	2,650	25,000	2,650
Derivative financial instruments	29,173	-	29,173	-
	976,274	24,385	957,768	2,650
TOTAL LIABILITIES	1,802,132	1,064,899	978,926	21,388
NET ASSETS	5,219,755	4,770,014	1,524,547	1,377,300

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

Bank term loans

	Unaudited 30.6.2014 RMB'000	Audited 30.6.2013 RMB'000
<u>Non-current portion</u>		
Interest bearing loan, unsecured ⁽¹⁾	922,068	-
Adjustments for		
- Loan expenses	(23,419)	-
- Currency alignment	1,026	-
	899,675	-
Add: Amortisation of loan expenses	3,920	-
Net carrying amount at end of period	903,595	-
<u>Current portion</u>		
Non-interest bearing loan, secured	-	1,915
Less: Discount implicit in long-term interest free bank loan	-	(490)
	-	1,425
Fair value of interest-free bank loan at inception	-	421
Add: Amortisation of loan expenses	-	421
Net carrying amount at end of period	-	1,846
<u>Interest bearing loans</u> ⁽²⁾		
- Secured	-	29,800
- Unsecured	433,680	544,000
- Guaranteed ⁽³⁾	160,000	60,000
	593,680	633,800
Total bank term loans	1,497,275	635,646

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 3.3% to 8.1% (30 June 2013: 5.880% to 8.203%) per annum. One of the short-term bank loans were secured by the Group's leasehold buildings, and land use rights.

Note: (3) Sichuan Minzhong Organic Food Co., Ltd (a subsidiary of the Company) is providing guarantee for RMB160.0 million (30 June 2013: RMB60.0 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			
	FY2014	FY2013	4QFY2014	4QFY2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Profit before income tax	621,656	801,923	150,582	171,760
Adjustments for:				
Depreciation of property, plant and equipment	97,979	81,012	27,827	21,751
Property, plant and equipment written off	455	376	-	253
Gain on disposal of assets	-	(1,170)	-	(1,170)
Amortisation of land use rights	2,888	2,751	762	621
Amortisation of land improvement costs	84,472	91,823	20,470	22,883
Amortisation of operating lease prepayments	63,680	67,054	15,978	16,388
Other payables written off	-	(5,220)	-	(5,220)
Amortisation of capitalised expenses	3,924	-	1,189	-
Impairment allowance for trade receivables	19,288	11,451	6,325	11,451
Reversal of allowance for trade receivables	(10,481)	(1,201)	(7,894)	-
(Gain) / loss on fair value of biological assets less estimated point of sales cost	(8,800)	18,000	(8,800)	9,000
Amortisation of government grant	(30,534)	(7,963)	(1,530)	(948)
Interest income	(46,023)	(459)	(20,739)	(160)
Interest expenses on bank term loans	65,089	47,877	15,520	8,185
Employees' share option expense	-	2,889	-	-
Operating profit before working capital changes	863,593	1,109,143	199,690	254,794
Inventories	(37,217)	34,728	(11,932)	9,880
Biological assets	12,693	994	(2,883)	221
Trade receivables	612,555	(141,104)	44,780	(9,557)
Other receivables and prepayments	139,125	(49,701)	9,235	(68,136)
Trade payables	(200,245)	87,640	(43,347)	(107,060)
Other payables and accruals	24,902	(33,749)	(19,411)	(4,281)
Cash generated from operations	1,415,406	1,007,951	176,132	75,861
Income tax paid	(37,718)	(112,050)	(31,706)	(67,144)
Interest received	35,982	459	29,734	160
Net cash generated from operating activities	1,413,670	896,360	174,160	8,877

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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			
	FY2014	FY2013	4QFY2014	4QFY2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(98,682)	(600,558)	(19,897)	(17,873)
Refund from purchase of land use rights	20,000	53,000	20,000	53,000
Proceeds from construction deposits	348,000	-	-	-
Proceeds from disposal of operating lease prepayments and land improvement costs	-	16,170	-	16,170
Purchase of land use rights	(11,000)	-	-	-
Addition to land improvement costs	-	(5,626)	-	(737)
Operating lease prepayments	(20,304)	-	-	-
Net cash generated from / (used in) investing activities	238,014	(537,014)	103	50,560
Cash flows from financing activities				
Proceeds from issuance of new shares	-	454,819	-	-
Share issue expense	-	(23,298)	-	-
Proceeds from bank loans	1,663,156	883,800	185,591	286,000
Repayment of bank loans	(805,837)	(864,545)	(136,122)	(239,000)
Government grant received	27,216	4,554	718	60
Dividend paid	(32,026)	-	-	-
Interest paid	(65,020)	(47,671)	(15,520)	(8,134)
Pledged cash	41,195	(17,120)	-	17,903
Net cash generated from financing activities	828,684	390,539	34,667	56,829
Net increase in cash and cash equivalents	2,480,368	749,885	208,930	116,266
Cash and cash equivalents at beginning of year	785,236	42,134	3,059,425	670,451
Effects of exchange rate changes in cash and cash equivalents	1,813	(6,783)	(938)	(1,481)
Pledged of bank balances	-	41,195	-	41,195
Cash and cash equivalents at end of year	3,267,417	826,431	3,267,417	826,431

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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	Hedging deficit RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1.7.2012	1,072,268	79,007	1,740	6,106	-	2,428,201	3,587,322
Total comprehensive income for the year	-	-	-	(6,783)	-	755,065	748,282
Grant of employee's share option	-	-	2,889	-	-	-	2,889
Issue of new shares	454,819	-	-	-	-	-	454,819
Share issuance expenses	(23,298)	-	-	-	-	-	(23,298)
Appropriation to statutory reserve fund	-	14,988	-	-	-	(14,988)	-
Balance at 30.6.2013	1,503,789	93,995	4,629	(677)	-	3,168,278	4,770,014

<u>Group</u>	Share Capital RMB'000	Statutory reserve fund RMB'000	Employees' share option reserve RMB'000	Translation reserve RMB'000	Hedging deficit RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1.7.2013	1,503,789	93,995	4,629	(677)	-	3,168,278	4,770,014
Profit for the year	-	-	-	-	-	509,457	509,457
Other comprehensive income / (loss), net of tax	-	-	-	1,483	(29,173)	-	(27,690)
Total comprehensive income / (loss) for the year	-	-	-	1,483	(29,173)	509,457	481,767
Dividend payment	-	-	-	-	-	(32,026)	(32,026)
Appropriation to statutory reserve fund	-	20,354	-	-	-	(20,354)	-
Balance at 30.6.2014	1,503,789	114,349	4,629	806	(29,173)	3,625,355	5,219,755

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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 deficit RMB'000	Hedging deficit RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1.7.2012	1,072,268	1,740	14,932	-	(150,052)	938,888
Total comprehensive income for the year	-	-	(33,972)	-	37,974	4,002
Grant of employee's share option	-	2,889	-	-	-	2,889
Issue of new shares	454,819	-	-	-	-	454,819
Share issuance expenses	(23,298)	-	-	-	-	(23,298)
Balance at 30.06.2013	<u>1,503,789</u>	<u>4,629</u>	<u>(19,040)</u>	<u>-</u>	<u>(112,078)</u>	<u>1,377,300</u>

<u>Company</u>	Share Capital RMB'000	Employees' share option reserve RMB'000	Translation deficit RMB'000	Hedging deficit RMB'000	(Accumulated losses) / Retained earnings RMB'000	Total equity RMB'000
Balance at 1.7.2013	1,503,789	4,629	(19,040)	-	(112,078)	1,377,300
Profit for the year	-	-	-	-	190,613	190,613
Other comprehensive income / (loss), net of tax	-	-	17,833	(29,173)	-	(11,340)
Total comprehensive income / (loss) for the year	-	-	17,833	(29,173)	190,613	179,273
Dividend payment	-	-	-	-	(32,026)	(32,026)
Balance at 30.06.2014	<u>1,503,789</u>	<u>4,629</u>	<u>(1,207)</u>	<u>(29,173)</u>	<u>46,509</u>	<u>1,524,547</u>

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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.**

FY2014

None

FY2013

Granting of Share Options

Pursuant to the Board Meeting held on 24 August 2012, the Directors approved the grant of 2,678,000 share options of the Company to selected eligible employees of the Group and Director of the Company to subscribe for 2,678,000 ordinary shares in the Company at an exercise price of S\$0.74 on 4 September 2012, 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\$583,418 (equivalent to RMB2,889,496) as at the grant date of options using Black-Scholes-Merton Model.

As at 30 June 2014, no share option under the CMZ Employee Share Option Scheme 2010 was being exercised.

- 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	Number of Shares	(S\$'000)
As at 30 June 2013 and 30 June 2014	-	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.

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- 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 year as those used in the audited financial statements as of 30 June 2013.

- 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.

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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)**

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 for the respective periods.

	FY2014	FY2013	4QFY2014	4QFY2013
Based on weighted average number of ordinary shares on issue (RMB)	0.78	1.28	0.19	0.25
Weighted average number of shares (in thousands)	655,439	590,106	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.

	FY2014	FY2013	4QFY2014	4QFY2013
On a fully diluted basis (RMB)	0.78	1.28	0.19	0.25
Weighted average number of shares (in thousands)	655,951	590,580	655,821	656,211

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

	Group		Company	
	30.6.2014	30.6.2013	30.6.2014	30.6.2013
Net asset value per ordinary share based on issued share capital at the end of the financial year (RMB):	7.96	7.28	2.33	2.10
No. of shares in computing NAV (in thousands)	655,439	655,439	655,439	655,439

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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 FY2014, FY2013, 4QFY2014 and 4QFY2013 respectively:-

	FY2014 RMB'000	%	FY2013 RMB'000	%	4QFY2014 RMB'000	%	4QFY2013 RMB'000	%
Processed Business Segment:								
- Processed vegetables	1,435,825	49.6	1,804,232	55.6	342,088	51.6	460,405	56.8
Subtotal	1,435,825	49.6	1,804,232	55.6	342,088	51.6	460,405	56.8
Cultivation Business Segment:								
- Fresh vegetables produce	956,726	33.0	1,070,983	33.0	199,234	30.0	286,246	35.3
- Mushroom spores ⁽¹⁾	136,897	4.7	90,556	2.8	-	-	-	-
Subtotal	1,093,623	37.7	1,161,539	35.8	199,234	30.0	286,246	35.3
Branded Business Segment:								
- Beverages	335,545	11.6	195,943	6.0	116,050	17.5	49,959	6.0
- Others ⁽²⁾	31,642	1.1	86,059	2.6	6,227	0.9	14,669	1.9
Subtotal	367,187	12.7	282,002	8.6	122,277	18.4	64,628	7.9
Total revenue	2,896,635	100.0	3,247,773	100.0	663,599	100.0	811,279	100.0

Note:-

(1) Sales of mushroom spores.

(2) Include IQF processed products, and other miscellaneous products (such as instant food and health food products).

1.1 Revenue (FY2014 vs FY2013)

Revenue for FY2014 decreased by 10.8% or RMB351.1 million, to RMB2,896.6 million (FY2013: RMB3,247.8 million). This was due to a decrease in sales of RMB368.4 million from the processed business segment and RMB67.9 million from the cultivation business segment, offset by an increase in sales of RMB85.2 million from the branded business segment.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

1.1 Revenue (FY2014 vs FY2013) (Continued)

Revenue from processed business segment decreased by 20.4% or RMB368.4 million, to RMB1,435.8 million (FY2013: RMB1,804.2 million), mainly due to a decrease in fresh-packed product sales of RMB613.3 million offset by increased air-dried product sales of RMB165.3 million and higher brined product sales of RMB73.7 million.

Our fresh-packed sales volume decreased sharply by 15,554 tons, from 16,478 tons in FY2013 to 924 tons in FY2014. The decrease in our fresh-packed sales was mainly due to significant drop in spot orders from PRC exporters. Fresh-packed products by nature requires only simple processing methodology and hence have little product differentiation. Pricing becomes the main determinant for regional orders. With food inflation and higher labour costs, the prices of fresh-packed products in PRC are becoming increasingly less competitive as compared to other Southeast Asia countries.

The increase in air-dried product sales of RMB165.3 million was mainly due to an increase in average selling price by approximately 20.8% to RMB76.4 per kilogram (FY2013: RMB63.3 per kilogram) due to a better product mix.

The increase in brined product sales of RMB73.7 million was mainly due to an increase in average selling price by approximately 24.8% to RMB22.7 per kilogram (FY2013: RMB18.2 per kilogram) due to a better product mix.

Revenue from the sales of fresh vegetables produce decreased by 10.7% or RMB114.3 million to RMB956.7 million (FY2013: RMB1,071.0 million) mainly due to decrease in average selling price by approximately 10.9% to RMB2.8 per kilogram (FY2013: RMB3.2 per kilogram).

Revenue from trading of mushroom spores increased by 51.2% or RMB46.3 million to RMB136.9 million (FY2013: RMB90.6 million), mainly due to an increase in trading volume by 33.4% or 10,079 tons to 40,264 tons (FY2013: 30,185 tons) and an increase in average selling price by approximately 13.3% to RMB3.4 per kilogram (FY2013: RMB3.0 per kilogram).

Revenue from beverage business increased by 71.2% or RMB139.6 million to RMB335.5 million (FY2013: RMB195.9 million). Sales volume in FY2014 increased by 64.3% or 66.0 million units to 168.7 million units (FY2013: 102.7 million units). The increased beverage business sales is largely due to the growth of our domestic distribution channels for our branded products and also the result of our successful brand building efforts.

1.2 Revenue (4QFY2014 vs 4QFY2013)

Revenue for 4QFY2014 decreased by 18.2% or RMB147.7 million, to RMB663.6 million (4QFY2013: RMB811.3 million). This was due to decreased sales of RMB118.3 million from the processed business segment and RMB87.0 million from the cultivation business segment, offset by an increase in sales of RMB57.6 million from the branded business segment.

Revenue from processed business segment decreased by 25.7% or RMB118.3 million, to RMB342.1 million (4QFY2013: RMB460.4 million), mainly due to decreased in fresh-packed product sales of RMB120.9 million and brined product sales of RMB55.7 million, offset by an increase in air-dried product sales of RMB56.0 million.

CHINA MINZHONG FOOD CORPORATION LIMITED

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

1.2 Revenue (4QFY2014 vs 4QFY2013) (Continued)

Our fresh-packed sales volume decreased sharply by 3,158.5 tons, from 3,288.0 tons in 4QFY2013 to 129.5 tons in 4QFY2014. The decrease in our fresh-packed sales is mainly due to significant drop in spot orders from PRC exporters. Fresh-packed products by nature requires only simple processing methodology and hence have little product differentiation. Pricing becomes the main determinant for regional orders. With food inflation and higher labour costs, the prices of fresh-packed products in PRC are becoming increasingly less competitive as compared to other Southeast Asia countries.

The decreased in brined product sales of RMB55.7 million was mainly due to a decrease in sales volume by 56.1% or 5,314.3 tons to 4,166.8 tons (4QFY2013: 9,481.2 tons) offset by an increased in average selling price of approximately 52.9% to RMB27.4 per kilogram (4QFY2013: RMB17.9 per kilogram).

The increased in air-dried product sales of RMB56.0 million was mainly due to an increased in average selling price by approximately 15.6% to RMB82.6 per kilogram (4QFY2013: RMB71.5 per kilogram).

Revenue from fresh vegetables produce decreased by 30.4% or RMB87.0 million to RMB199.2 million (4QFY2013: RMB286.2 million), due to a decrease in cultivation volume of 17.8% or 16.5 tons, to 76.4 tons (4QFY2013: 92.9 tons) as a result of labour shortage and also due to decrease in average selling price by approximately 15.4% to RMB2.6 per kilogram (4QFY2013: RMB3.1 per kilogram).

Revenue from beverage business increased by 132.3% or RMB66.1 million to RMB116.0 million (4QFY2013: RMB49.0 million). Sales volume in 4QFY2014 has increased by 140.1% or 32.8 million units to 56.3 million units (4QFY2013: 23.4 million units). The increase in beverage business sales was largely due to the growth of our domestic distribution channels for our branded products and also the result of our successful brand building efforts.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

2. Gross Profit

The following table provides a breakdown of our gross profit by business segments in FY2014, FY2013, 4QFY2014 and 4QFY2013 respectively:-

	FY2014 RMB'000	%	FY2013 RMB'000	%	4QFY2014 RMB'000	%	4QFY2013 RMB'000	%
Processed Business Segment:								
- Processed vegetables	387,877	40.7	532,164	47.8	85,649	38.9	139,661	47.7
Subtotal	387,877	40.7	532,164	47.8	85,649	38.9	139,661	47.7
Cultivation Business Segment:								
- Fresh vegetables produce	404,617	42.5	508,170	45.5	80,725	36.6	145,518	49.7
- Mushroom spores ⁽¹⁾	31,438	3.3	16,097	1.4	-	-	-	-
Subtotal	436,055	45.8	524,267	46.9	80,725	36.6	145,518	49.7
Branded Business Segment:								
- Beverages	132,317	13.9	53,388	4.8	55,025	25.0	8,182	2.8
- Others ⁽²⁾	(4,109)	(0.4)	5,839	0.5	(992)	(0.5)	(750)	(0.2)
Subtotal	128,208	13.5	59,227	5.3	54,033	24.5	7,432	2.6
Total gross profit	952,140	100.0	1,115,658	100.0	220,407	100.0	292,611	100.0

Note:-

(1) Sales of mushroom spores.

(2) Include IQF processed products and other miscellaneous products (such as instant food and health food products).

2.1 Gross Profit (FY2014 vs FY2013)

Gross profit for FY2014 decreased by 14.7% or RMB163.5 million, to RMB952.1 million (FY2013: RMB1,115.7 million), Overall gross profit margin for FY2014 declined by 1.5 ppt to 32.9% (FY2013: 34.4%).

Gross profit of processed vegetables business segment decreased by 27.1% or RMB144.3 million, to RMB387.9 million (FY2013: RMB532.2 million), in tandem with the decrease in revenue. Gross profit margin for processed vegetables business segment decreased by 2.5 ppt to 27.0% (FY2013: 29.5%), primarily due to an increase in raw materials costs.

Gross profit from cultivation business segment decreased by 16.8% or RMB88.2 million, to RMB436.1 million (FY2013: RMB524.3 million), in tandem with the decrease in revenue. Gross profit margin for cultivation business segment decreased by 5.3 ppt to 39.9% (FY2013: 45.1%), primarily due to an increase in labour costs.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

2.1 Gross Profit (FY2014 vs FY2013) (Continued)

Gross profit from beverage business increased by 147.8% or RMB78.9 million, to RMB132.3 million (FY2013: RMB53.4 million), in tandem with the increase in revenue. Gross profit margin for beverage business increased by 12.2 ppt to 39.4% (FY2013: 27.2%), primarily due to lower unit fixed costs as production volume increases.

2.2 Gross Profit (4QFY2014 vs 4QFY2013)

Gross profit for 4QFY2014 decreased by 24.7% or RMB72.2 million, to RMB220.4 million (4QFY2013: RMB292.6 million). Overall gross profit margin for 4QFY2014 had decreased by 2.9 ppt to 33.2% (4QFY2013: 36.1%).

Gross profit of processed vegetables business segment decreased by 38.7% or RMB54.0 million, to RMB85.6 million (4QFY2013: RMB139.7 million), in tandem with the decrease in revenue. Gross profit margin for processed vegetables business segment decreased by 5.3 ppt to 25.0% (4QFY2013: 30.3%), primarily due to increase in raw materials costs.

Gross profit from cultivation business segment decreased by 44.5% or RMB64.8 million, to RMB80.7 million (4QFY2013: RMB145.5 million), in tandem with the decrease in revenue. Gross profit margin for cultivation business segment decreased by 10.3 ppt to 40.5% (4QFY2013: 50.8%), primarily due to increase in labour costs.

Gross profit from beverage business increased by 572.5% or RMB46.8 million, to RMB55.0 million (4QFY2013: RMB8.2 million), in tandem with the increase in revenue. Gross profit margin for beverage business increased by 30.7 ppt to 47.4% (4QFY2013: 16.7%), primarily due to lower unit fixed costs as production volume increases.

3. Gain / loss on fair value of biological assets less estimate point of sales cost

There is a gain on fair value of biological assets in FY2014, amounting to RMB8.8 million. The actual operational results from July 2013 to June 2014 were in line with the projections of revenue and anticipated costs associated with the biological assets as at 30 June 2013. The gain was due to natural progression over the remaining lease term of the bamboo plantation, through realising the actual returns by recognising sales from harvesting during this financial year.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

4. Other income

The breakdown of other income is as follows:

Other income	FY2014	FY2013	4QFY2014	4QFY2013
	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	46,023	459	20,739	160
Rental income ⁽¹⁾	47,932	33,024	13,559	7,930
Government grants	30,534	7,963	1,530	948
Gain on disposal of scrap materials	1,230	-	679	-
Gain on disposal of operating lease prepayments and land improvement costs	-	1,170	-	1,010
Written off of other payables	-	5,220	-	5,220
Reversal of allowance for doubtful debts	10,481	1,201	7,894	-
Others	205	352	-	12
Total	136,403	49,389	44,401	15,280

Note:-

(1) Proceeds received from renting farmlands to third parties

4.1 Other income (FY2014 vs FY2013)

Other income increased by 176.2% or RMB87.0 million, to RMB136.4 million (FY2013: RMB49.4 million), mainly due to increase in interest income from bank deposits of RMB45.5 million, increase in rental income of RMB14.9 million, and a one-off government grant of RMB20 million received in December 2013. The one-off government grant pertains to our contribution to the corporatised agricultural industry in Putian City, Fujian Province, PRC which support the livelihood of local farmers.

4.2 Other income (4QFY2014 vs 4QFY2013)

Other income increased by 190.6% or RMB29.1 million, to RMB44.4 million (4QFY2013: RMB15.3 million), mainly due to increase in interest income from bank deposits of RMB20.7 million, increase in rental income of RMB5.7 million and reversal of allowance for doubtful debts of RMB7.9 million.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

5.1 Selling and distribution expenses (FY2014 vs FY2013)

Selling and distribution expenses increased by 33.1% or RMB40.2 million, to RMB161.6 million (FY2013: RMB121.4 million), mainly due to increase in marketing and advertising expenses of RMB29.1 million for our branded products domestically and increase in wages due to higher headcounts for marketing personnel of RMB11.1 million.

5.2 Selling and distribution expenses (4QFY2014 vs 4QFY2013)

Selling and distribution expenses decreased by 18.3% or RMB9.4 million, to RMB41.9 million (4QFY2013: RMB51.3 million), mainly due to decrease in marketing and advertising expenses of RMB16.3 million for the period offset by an increase in wages due to higher headcounts for marketing personnel of RMB6.8 million.

6.1 Administrative expenses (FY2014 vs FY2013)

Administrative expenses increased by 32.6% or RMB40.5 million, to RMB165.0 million (FY2013: RMB124.5 million), mainly due to increase in depreciation expenses of plant, property and equipment of RMB21.5 million, increase in professional fees of RMB12.4 million and increase in property tax of RMB4.1 million.

6.2 Administrative expenses (4QFY2014 vs 4QFY2013)

Administrative expenses increased by 8.7% or RMB3.8 million, to RMB47.8 million (4QFY2013: RMB43.9 million), mainly due to increase in depreciation expenses of plant, property and equipment.

7. Other expenses

The breakdown of other expenses is as follows:

Other expenses	FY2014	FY2013	4QFY2014	4QFY2013
	RMB'000	RMB'000	RMB'000	RMB'000
Rental expenses	39,502	26,553	11,053	6,283
Impairment allowance for trade receivables	19,288	11,451	6,325	11,451
Exchange loss, net	8,022	7,786	(3,068)	4,833
Loss of biological assets	4,651	-	206	-
Loss of disposal of scrap materials	1,578	1,072	1,306	1,072
Donations ⁽¹⁾	7,876	4,051	2,000	-
Others	3,049	441	8	453
Total	83,966	51,354	17,830	24,092

Note:-

(1) mainly relates to expenses associated with corporate social responsibility activities, such as providing education sponsorship and promoting of community activities in Putian City, Fujian Province, PRC.

CHINA MINZHONG FOOD CORPORATION LIMITED

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

7.1 Other expenses (FY2014 vs FY2013)

Other expenses increased by 63.5% or RMB32.6 million to RMB84.0 million (FY2013: RMB51.4 million), mainly due to increase in rental expenses of RMB13.0 million, increase in impairment allowance for trade receivables of RMB7.8 million and loss of biological assets as a result of adverse weather conditions of RMB4.7 million.

7.2 Other expenses (4QFY2014 vs 4QFY2013)

Other expenses decreased by 26.0% or RMB6.3 million to RMB17.8million (4QFY2013: RMB24.1 million), mainly due to decrease in impairment allowance for trade receivables of RMB5.2 million and decrease in exchange difference of RMB7.9 million offset by an increase in rental expenses of RMB4.8 million.

8.1 Financial cost (FY2014 vs FY2013)

Finance cost increased by 36.0% or RMB17.2 million, to RMB65.1 million (FY2013: RMB47.9 million) due to the drawdown of long term loan facility during the period.

8.2 Financial cost (4QFY2014 vs 4QFY2013)

Finance cost increased by 98.8% or RMB7.7 million, to RMB15.5 million (4QFY2013: RMB7.8 million) due to the drawdown of long term loan facility during the period.

9.1 Profit before income tax (FY2014 vs FY2013)

Profit before income tax decreased by 22.5% or RMB180.3 million, to RMB621.7 million (FY2013: RMB801.9 million) in tandem with lower gross profit. The profit before income tax margin declined by 3.2ppt, to 21.5% (FY2013: 24.7%) was mainly attributable to **(1)** higher selling and distribution expenses as discussed in note 5 above, **(2)** higher administrative expenses as discussed in note 6 above and **(3)** higher other expenses as discussed in note 7 above, offset by **(4)** higher other income as discussed in note 4 above.

9.2 Profit before income tax (4QFY2014 vs 4QFY2013)

Profit before income tax decreased by 12.3% or RMB21.2 million, to RMB150.6 million (4QFY2013: RMB171.8 million). The profit before income tax margin increased by 1.5ppt to 22.7% (4QFY2013: 21.2%) was mainly attributable to **(1)** higher selling and distribution expenses as discussed in note 5 above, **(2)** higher administrative expenses as discussed in note 6 above and **(3)** higher other expenses as discussed in note 7 above, offset by **(4)** higher other income as discussed in note 4 above.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

10.1 Income tax expense (FY2014 vs FY2013)

Income tax expense increased by 139.4% or RMB65.3 million, to RMB112.2 million (FY2013: RMB46.9 million), and overall effective tax rate increased from 5.8% to 18.0% (12.9%, adjusted for withholding tax). The Group has provided for withholding tax of RMB31.8 million in FY2014.

Fresh vegetables produce and certain categories of processed vegetables (e.g. fresh-packed products) are exempted from income tax in PRC. In FY2014, the Group sold a higher proportion of brined and branded products which are taxable, versus fresh-packed products which are tax exempted.

10.2 Income tax expense (4QFY2014 vs 4QFY2013)

Income tax expense increased by 171.4% or RMB15.6 million, to RMB24.7 million (4QFY2013: RMB9.1 million), and overall effective tax rate increased from 5.3% to 16.4%.

Fresh vegetables produce and certain categories of processed vegetables (e.g. fresh-packed products) are exempted from income tax in PRC. In 4QFY2014, the Group sold a higher proportion of brined and branded products which are taxable, versus fresh-packed products which are tax exempted.

11.1 EBITDA (FY2014 vs FY2013)

EBITDA decreased by 20.3% or RMB225.1 million, to RMB884.9 million (FY2013: RMB1,110 million).

11.2 EBITDA (4QFY2014 vs 4QFY2013)

EBITDA decreased by 19.0% or RMB47.6 million, to RMB202.8 million (4QFY2013: RMB250.4 million).

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

	FY2014 RMB'000	FY2013 RMB'000	4QFY2014 RMB'000	4QFY2013 RMB'000
Net income	509,457	755,065	125,882	162,659
Add / (Less):				
Interest expenses	65,089	47,877	15,520	8,185
Interest income	(46,023)	(459)	(20,739)	(160)
Income tax expense	112,199	46,858	24,700	9,101
Depreciation of property, plant and equipment	97,979	81,012	27,827	21,751
Amortisation of land use right	2,888	2,751	762	621
Amortisation of land improvement costs	84,472	91,823	20,470	22,883
Amortisation of operating lease prepayments	63,680	67,054	15,978	16,388
Amortisation of capitalised expense	3,924	-	1,189	-
(Gain) / loss on fair value of biological assets less estimated point-of-sales costs	(8,800)	18,000	(8,800)	9,000
EBITDA	884,865	1,109,981	202,789	250,428
EBITDA margins	30.5%	34.2%	30.6%	30.9%

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REVIEW OF PERFORMANCE (Continued)

(B) Consolidated Balance Sheet (30 June 2014 vs 30 June 2013)

Non-current assets

Non-current assets have remained fairly constant as at 30 June 2014. Non-current assets have decreased by approximately 1.6% or RMB46.7 million, to RMB2,934.0 million (30 June 2013: RMB2,980.7 million).

Current assets

Current assets increased by 43.2% or RMB1,233.7 million, to RMB4,087.9 million (30 June 2013: RMB2,854.2 million), primarily due to increase in cash and bank balances offset by a decline in trade and other receivables. The increased in cash and bank balances of RMB2,441.0 million is mainly due to increase net bank borrowings of approximately RMB857.3 million and collections from trade and other debtors. The decreased in trade and other receivables of RMB1,232.6 million is the result of healthy collections and also due to the effect of decline in 4QFY2014 revenue.

Non-current liabilities

Non-current liabilities increased by RMB951.9 million to RMB976.3 million (30 June 2013: RMB24.4 million), mainly due to increase of long term bank borrowings by RMB903.5 million, as the Company drawdown its long term loan facility. Pursuant to the facility, the Company has entered into the Cross Currency Swap Transactions, and hence recognising the mark to market value of this derivative financial instrument, amounting to RMB29.2 million.

Current liabilities

Current liabilities decreased by 20.6% or RMB214.7 million, to RMB825.9 million (30 June 2013: RMB1,040.5 million). This was mainly attributable to decreased in short term bank borrowings of RMB42.0 million and decreased in trade and other payables of RMB173.4 million.

Working capital days

Days

Trade Receivables Turnover ⁽¹⁾

Trade Payables Turnover ⁽²⁾

Inventory Turnover ⁽³⁾

Cash Conversion

	FY2014	FY2013
Trade Receivables Turnover ⁽¹⁾	99	116
Trade Payables Turnover ⁽²⁾	(38)	(44)
Inventory Turnover ⁽³⁾	25	21
Cash Conversion	86	93

Note:-

(1) Average trade receivables / revenue X 365 days

(2) Average trade payables / cost of goods sold X 365 days

(3) Average inventory balance / cost of goods sold for processed products x 365 days

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REVIEW OF PERFORMANCE (Continued)

(C) Consolidated Cash Flow Statement

FY2014

For the financial year ended 30 June 2014, net cash generated from operating activities amounts to RMB1,413.7 million. This comprises cash generated from operating activities before changes in working capital of RMB863.6 million, net working capital inflow of RMB551.8 million, income tax of RMB37.7 million paid and interest income of RMB36.0 million received. The net working capital inflow was a result of an increase in inventories of RMB71.9 million, a decreased in biological assets of RMB11.7 million; a decrease in trade and other receivables of RMB942.5 million and decrease in trade and other payables of RMB229.2 million.

For the financial year ended 30 June 2014, net cash generated from investing activities of RMB238.0 million was mainly attributable to proceeds from construction deposits of RMB348.0 million, offset by property, plant and equipment additions of RMB98.7 million and operating prepayments of RMB20.3 million.

For the financial year ended 30 June 2014, net cash generated from financing activities of RMB828.7 million was attributable to net proceeds from bank loans of RMB857.3 million as well as government grants received of RMB27.2 million, offset by interest expenses paid for the bank loans of RMB65.0 million, dividend payout of RMB32.0 million and a decrease in restricted cash of RMB41.2 million.

4QFY2014

For the 3 months ended 30 June 2014, net cash generated from operating activities amounts to RMB174.2 million. This comprises cash generated from operating activities before changes in working capital of RMB199.7 million, net working capital outflow of RMB23.6 million, income tax of RMB31.7 million paid and interest income of RMB29.7 million received. The net working capital inflow was a result of an increase in inventories of RMB21.8 million, an increased in biological assets of RMB3.1 million; an increased in trade and other receivables of RMB131.7 million and decrease in trade and other payables of RMB48.6 million.

For the 3 months ended 30 June 2014, net cash generated from investing activities of RMB0.1 million was attributable to refund from purchase of land use rights of RMB20 million offset by property, plant and equipment additions of RMB19.9 million.

For the 3 months ended 30 June 2014, net cash generated from financing activities of RMB34.7 million was mainly attributable to net proceeds from bank loans of RMB49.5 million offset by interest expenses paid for the bank loans of RMB15.2 million.

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

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

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 global and domestic consumption demand for both fresh vegetables and processed vegetables remains healthy, underpinned by growing consumer affluence, rising urbanization and preferences for healthy dietary eating habits. The agriculture industry in PRC continues to be strongly supported and favoured by the PRC government, particularly in the adoption of large-scale farming and use of modern agriculture technology. The No. 1 Central Document, which sets national policy priorities every year, has focused on rural matters since 2004. This year, it underscores the importance of rural reform, developing modern agriculture and maintaining food security.

In view of the trend of rising labour costs, shortage of farmers due to government urbanisation program, higher productivity, cost efficiency and ability to harvest all year round without weather disruption, the Group sees its expansion into industrialised farming as a step in the right direction. The standardised cultivation procedures in industrialised farming allow for more labour specialisation and lesser reliance on labour. The Group has kick-started the industrialised farming of champignon mushrooms in its Tianjin cultivation base, which will capitalise on the growing demand in the domestic markets and increase the raw material self-sufficiency for the Group's processing needs going forward. In addition, the Group's new industrialised farming base in Jiangsu province is expected to commence operations by the end of the year. Meanwhile, the Group is also experimenting the use of industrialized farming methodology for other high value crops to capitalise on the rising affluence in PRC.

Riding on the increasing domestic consumption in PRC, the Group also envisages a lot of growth opportunities for its branded business segment, particularly its beverages products, which has grown to become a significant revenue contributor. Through targeted advertising and marketing activities, the Group will be taking steps to increase the consumer awareness and enhance the branding of its products, and at the same time expanding its network of distribution channels to reach out to more consumers.

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11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

On 2 July 2014, interim one-tier tax exempt dividend in respect of the financial year ending 30 June 2014 has been declared and announced.

Interim dividend

Name of Dividend	: Interim
Dividend Type	: Cash
Dividend Rate	: S\$0.0419 per share
Number of shares	: 655,439,000
Tax rate	: Tax exempt one-tier

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

First and Final dividend

Name of Dividend	: First and Final
Dividend Type	: Cash
Dividend Rate	: S\$0.01 per share
Number of shares	: 655,439,000
Tax rate	: Tax exempt one-tier

(c) Date payable

31 July 2014

(d) Books closure date

10 July 2014

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. Present on-going interested person transactions

For the financial year ended 30 June 2014, the Group has been supplying processed vegetables to the Company's immediate holding company, PT Indofood Sukses Makmur Tbk. These sales, amounting to RMB3.1 million, were transacted on an arm's length basis in the ordinary and usual course of business.

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14. A breakdown of sales as follows:-

	FY2014 RMB'000	FY2013 RMB'000	Increase %
(a) Sales reported for first half year	1,542,757	1,474,311	4.6%
(b) Operating profit for first half year	306,993	390,210	(21.3%)
(c) Sales reported for second half year	1,353,878	1,773,462	(23.7%)
(d) Operating profit for second half year	318,515	468,104	(32.0%)

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

Operating segments are identified on the basis of internal reports about operating divisions of the Group that are regularly reviewed by the Board of Directors for the purpose of resource allocation and performance assessment.

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

- Processed vegetables, which is the processing and sale of processed vegetables;
- Fresh vegetables produces, which is the production and sales of fresh vegetable produce; and
- Branded products, which is the production and sales of branded beverages, instant food, and health food products. In prior year, branded business segment was small and was grouped under the processed vegetable segment. Overhead expenses were allocated based on revenue contribution when the branded products were identified as a reportable segment. As the branded business segment sales become more significant in FY2014, management has presented the actual expenses incurred to better reflect the performance of the business segment. Accordingly, corresponding figures in FY2013 are restated.

(a) Operating segments

Inter-segment pricing is on arm's length basis. Unallocated costs represent corporate expenses. Segments assets consist primarily of property, plant, equipment, lease prepayments, inventories, and receivables. Segments liabilities comprise primarily of payables, and provisions.

(b) Geographical information

The Group operates in two geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area is primarily investment holding.
- People's Republic of China – the operations in this area are principally the production and sales of processed products and fresh produce.

Operations in People's Republic of China contributed 100% of consolidated revenue. Revenue is based on the country in which the customer is located, regardless of where the goods are delivered. Assets and additions to property, plant and equipment are based on the location of those assets.

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

(a) Operating segments

2014	<u>Processed vegetables</u> RMB'000	<u>Fresh vegetables produces</u> RMB'000	<u>Branded products</u> RMB'000	<u>Group</u> RMB'000
Revenue				
External sales	1,435,825	1,093,623	367,187	2,896,635
Results	315,107	388,418	(43,341)	660,184
Unallocated expenses				(34,676)
Operating profit				625,508
Gain on fair value of biological assets				
less estimated point of sales costs		8,800		8,800
Other income				136,403
Other expenses				(83,966)
Financial cost				(65,089)
Profit before income tax				621,656
Segment assets	1,602,694	1,355,281	470,875	3,428,850
Unallocated assets				
- Construction in progress				319,400
- Other receivables and prepayments				220
- Cash and bank balances				3,267,417
- Deferred tax assets				6,000
Total assets				7,021,887
Segment liabilities	103,693	45,738	58,611	208,042
Unallocated liabilities				
- Other payables and accruals				20,871
- Government grants				21,771
- Bank loans				1,497,275
- Derivative financial instruments				29,173
- Deferred tax liabilities				25,000
Total liabilities				1,802,132

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

(a) Operating segments (Continued)

2014	<u>Processed vegetables</u> RMB'000	<u>Fresh vegetables produces</u> RMB'000	<u>Branded products</u> RMB'000	<u>Group</u> RMB'000
Other segment items				
Capital expenditure				
- Property, plant and equipment, including transfers in from construction in progress	316,727	128,802	78,127	523,656
- Construction in progress (unallocated)	-	-	-	119,441
- Operating lease prepayments	-	20,304	-	20,304
- Land use rights, including transfers in from prepayments	-	3,100	11,000	14,100
- Property, plant and equipment written off	410	45	-	455
Depreciation and amortization	49,766	181,669	17,584	249,019

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

(a) Operating segments (Continued)

2013	<u>Processed vegetables</u> RMB'000	<u>Fresh vegetables produces</u> RMB'000	<u>Branded products</u> RMB'000	<u>Group</u> RMB'000
Revenue				
External sales	1,804,232	1,161,539	282,002	3,247,773
Results	444,585	502,193	(65,039)	881,739
Unallocated expenses				(23,425)
Operating profit				858,314
Loss on fair value of biological assets				
less estimated point of sales costs		(18,000)		(18,000)
Other income				49,389
Other expenses				(39,903)
Financial cost				(47,887)
Profit before income tax				801,923
Segment assets	2,167,516	2,349,628	489,212	5,006,356
Unallocated assets				
- Property, plant and equipment				1,537
- Other receivables and prepayments				589
- Cash and bank balances				826,431
Total assets				5,834,913
Segment liabilities	(319,028)	(52,198)	(36,107)	(407,333)
Unallocated liabilities				
- Other payables and accruals				(19,270)
- Bank term loans				(635,646)
- Deferred tax liabilities				(2,650)
Total liabilities				(1,064,899)
Other segment items				
Capital expenditure				
- Property, plant and equipment	72,768	443,138	84,652	600,558
- Land use rights	-	-	-	-
- Land improvement costs	-	5,626	-	5,626
Depreciation and amortisation	51,109	180,545	10,986	242,640

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

(b) Geographical information

Revenue is based on the location of customers.

	Revenue	
	FY2014 RMB'000	FY2013 RMB'000
Overseas based customers:		
Americas	134,848	104,221
Europe	48,526	40,468
Asia (excluding the PRC) and other regions ⁽¹⁾	217,442	163,148
Subtotal	400,816	307,837
PRC based customers ⁽²⁾	2,495,819	2,939,936
Total revenue	2,896,635	3,247,773

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

Note ⁽²⁾: Including PRC domestic distributors and export distributors

Non-current assets are mainly based in the PRC.

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

See paragraphs in 8(A) above.

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

(S\$)	FY2013	FY2014
First and Final Dividend, paid	6,554,390	-
Interim Dividend, declared	-	27,462,894

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

None.

19. **Proceeds Usage Report**

The Company refers to the net proceeds amounted to S\$85.2 million raised from the allotment and issuance of 98,000,000 New Shares to PT Indofood Sukses Makmur Tbk, at S\$0.915 per New Share, on 27 February 2013.

As at the date of this announcement, the utilisation of the net proceeds is as follows:

Intended Use	Amount allocated (S\$' million)	Amount utilised (S\$' million)
Expansion of the Group's industrialised farming operation	70.0	-
General working capital	15.2	15.2
Total	85.2	15.2

BY ORDER OF THE BOARD

LIN GUO RONG
Chief Executive Officer
25 July 2014