

CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

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

The directors are pleased to announce the results for the quarter period from 1 January 2015 to 31 March 2015 ("3QFY2015") and the results for the financial period from 1 July 2014 to 31 March 2015 ("9MFY2015"). The comparatives are for the quarter period from 1 January 2014 to 31 March 2014 ("3QFY2014") and the financial period from 1 July 2013 to 31 March 2014 ("9MFY2014"). These figures have not been audited.

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group					
	9MFY2015	9MFY2014	Change	3QFY2015	3QFY2014	Change
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Revenue	1,507,327	2,233,036	(32.5%)	485,822	690,279	(29.6%)
Cost of sales	(1,073,414)	(1,501,303)	(28.5%)	(323,871)	(445,357)	(27.3%)
Gross profit	433,913	731,733	(40.7%)	161,951	244,922	(33.9%)
Gross profit margin (%)	28.8%	32.8%	(4.0ppt)	33.3%	35.5%	(2.2ppt)
Loss on fair value of biological assets less estimated point of sales cost	(4,900)	-	n.m.	-	-	n.m.
Other income	153,721	92,002	67.1%	50,032	35,116	42.5%
Selling and distribution expenses	(73,844)	(119,681)	(38.3%)	(11,731)	(11,410)	2.8%
Administrative expenses	(122,092)	(117,276)	4.1%	(46,797)	(45,729)	2.3%
Other expenses	(27,006)	(66,135)	(59.2%)	(2,210)	(21,804)	(89.9%)
Finance cost	(82,397)	(49,569)	66.2%	(30,363)	(19,200)	58.1%
Profit before tax	277,395	471,074	(41.1%)	120,882	181,895	(33.5%)
Income tax	(39,939)	(87,499)	(54.4%)	(12,880)	(48,640)	(73.5%)
Profit for the period	237,456	383,575	(38.1%)	108,002	133,255	(19.0%)
Net Profit margin (%)	15.8%	17.2%	(1.4ppt)	22.2%	19.3%	2.9ppt
Other comprehensive (loss)/ income:						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Currency translation difference arising from consolidation	(10,264)	(33)	>100%	(4,629)	126	(>100%)
Fair value (loss) / gain arising from cash flow hedge	(1,907)	(32,465)	n.m.	(29,605)	15,501	n.m.
Total comprehensive income for the period	225,285	351,077	(35.8%)	73,768	148,882	(50.5%)
Earnings per share (RMB)						
Basic	0.36	0.59	(38.1%)	0.16	0.20	(19.0%)
Diluted	0.36	0.58	(38.1%)	0.16	0.20	(19.0%)

nm: not meaningful

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Profit before tax

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

	Group			
	9MFY2015	9MFY2014	3QFY2015	3QFY2014
	RMB '000	RMB '000	RMB '000	RMB '000
Depreciation of property, plant and equipment	87,971	70,152	30,849	24,333
Amortisation of land use rights	2,329	2,126	776	708
Amortisation of land improvement costs	59,379	64,002	19,394	20,469
Amortisation of operating lease prepayments	44,899	47,702	14,528	15,823
Amortisation of capitalised expenses	3,424	2,735	1,093	1,158
Loss on fair value of biological assets less estimated point of sales cost	4,900	-	-	-
Allowance for doubtful trade debts	8,845	12,963	-	-
Reversal of allowance for doubtful trade debts	(3,549)	(2,587)	-	-
Government grants	(8,743)	(29,004)	(2,603)	(4,250)
Interest income	(78,344)	(25,284)	(27,117)	(17,760)
Interest expenses	82,397	49,569	30,363	19,200

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

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	31.3.2015	30.6.2014	31.3.2015	30.6.2014
	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	124,538	114,349	-	-
Employees' share option reserve	2,889	4,629	2,889	4,629
Translation (deficit) / surplus	(9,458)	806	(135,938)	(1,207)
Hedging deficit	(31,080)	(29,173)	(31,080)	(29,173)
Retained earnings/ (Accumulated losses)	3,718,190	3,625,355	(79,438)	46,509
TOTAL EQUITY	5,308,868	5,219,755	1,260,222	1,524,547
Non-current assets				
Deferred tax assets	6,000	6,000	-	-
Property, plant and equipment	2,047,415	2,130,446	1,174	1,408
Land use rights	132,411	134,741	-	-
Biological assets	153,900	158,800	-	-
Land improvement costs	107,534	175,249	-	-
Investment in subsidiaries	-	-	1,176,369	1,300,835
Operating lease prepayments	255,525	328,775	-	-
Loan to a subsidiary	-	-	860,948	860,948
Current assets				
Land use rights	2,978	2,977	-	-
Biological assets	22,446	20,948	-	-
Inventories	56,916	106,614	-	-
Trade receivables	403,821	476,607	-	-
Due from a subsidiary (non-trade)	-	-	302,640	283,989
Operating lease prepayments	57,118	63,418	-	-
Other receivables and prepayments	141,118	149,895	238	220
Cash and bank balances	4,040,384	3,267,417	10,209	56,073
	4,724,781	4,087,876	313,087	340,282
TOTAL ASSETS	7,427,566	7,021,887	2,351,578	2,503,473

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

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	31.3.2015	30.6.2014	31.3.2015	30.6.2014
	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities				
Trade payables	150,552	103,453	-	-
Other payables and accruals	152,235	124,640	16,557	20,338
Bank term loans	831,653	593,680	109,890	-
Income tax liabilities	5,500	820	5,500	820
Government grants	2,978	3,265	-	-
	1,142,918	825,858	131,947	21,158
Non-current liabilities				
Government grants	16,371	18,506	-	-
Bank term loans	903,329	903,595	903,329	903,595
Deferred tax liabilities	25,000	25,000	25,000	25,000
Derivative financial instruments	31,080	29,173	31,080	29,173
	975,780	976,274	959,409	957,768
TOTAL LIABILITIES	2,118,698	1,802,132	1,091,356	978,926
NET ASSETS	5,308,868	5,219,755	1,260,222	1,524,547

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

Bank term loans

	Unaudited	Audited
	31.03.2015	30.6.2014
	RMB'000	RMB'000
<u>Non-current</u>		
Interest bearing loan, unsecured	922,068	922,068
Adjustments for		
- Loan expenses	(23,419)	(23,419)
- Currency alignment	(2,668)	1,022
	<hr/> 895,981	<hr/> 899,671
Add: Amortisation of loan expenses	7,348	3,924
	<hr/> 903,329	<hr/> 903,595
	<hr/> <hr/>	<hr/> <hr/>
<u>Current</u>		
Interest bearing loans		
- Unsecured	671,653	433,680
- Guaranteed	160,000	160,000
	<hr/> 831,653	<hr/> 593,680
	<hr/> <hr/>	<hr/> <hr/>
Total bank term loans	<hr/> 1,734,982 <hr/>	<hr/> 1,497,275 <hr/>

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

Interest rates for short-term bank loans range from 3.2% to 9.3% (2014: 3.3% to 8.1%) per annum.

Sichuan Minzhong Organic Food Co., Ltd (a subsidiary of the Company) is providing guarantee for RMB160.0 million (2014: RMB160.0 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			
	9MFY2015	9MFY2014	3QFY2015	3QFY2014
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Profit before income tax	277,395	471,074	120,882	181,895
Adjustments for:				
Depreciation of property, plant and equipment	87,971	70,152	30,849	24,333
Property, plant and equipment written off	199	455	199	-
Amortisation of land use rights	2,329	2,126	776	708
Amortisation of land improvement costs	59,379	64,002	19,394	20,469
Amortisation of operating lease prepayments	44,899	47,702	14,528	15,823
Amortisation of capitalized expenses	3,424	2,735	1,093	1,158
Allowance for doubtful trade debts	8,845	12,963	-	-
Reversal of allowance for doubtful trade debts	(3,549)	(2,587)	-	-
Loss on fair value of biological assets less estimated point of sales cost	4,900	-	-	-
Amortisation of government grants	(8,743)	(29,004)	(2,603)	(4,250)
Interest income	(78,344)	(25,284)	(27,117)	(17,760)
Interest expense on bank term loans	82,397	49,569	30,363	19,200
Gain on disposal of operating lease prepayments and land improvement costs	(1,013)	-	-	-
Operating profit before working capital changes	480,089	663,903	188,364	241,576
Inventories	49,698	(25,285)	13,489	(27,579)
Biological assets	(1,498)	15,576	(2,710)	(6,006)
Trade receivables	67,490	567,775	12,922	359,644
Other receivables and prepayments	18,534	129,890	(6,003)	(17,623)
Trade payables	47,099	(156,898)	(6,293)	(58,431)
Other payables and accruals	28,950	44,313	(4,911)	9,651
Cash generated from operations	690,362	1,239,274	194,858	501,232
Income tax paid	(50,010)	(6,012)	(13,234)	-
Interest received	64,028	6,248	16,086	4,135
Net cash generated from operating activities	704,380	1,239,510	197,710	505,367

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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			
	9MFY2015	9MFY2014	3QFY2015	3QFY2014
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(15,812)	(78,785)	(6,033)	(18,623)
Proceeds from construction deposits	11,051	348,000	-	-
Proceeds from disposal of operating lease prepayments and land improvement costs	44,000	-	-	-
Refund from purchase / (Purchase) of land use rights	17,800	(11,000)	-	(11,000)
Operating lease prepayments	-	(20,304)	-	(20,304)
Net cash generated from/ (used in) investing activities	57,039	237,911	(6,033)	(49,927)
Cash flows from financing activities				
Proceeds from bank loans	906,448	1,477,565	290,944	385,761
Repayment of bank loans	(654,718)	(669,715)	(230,782)	(122,000)
Government grant received	6,321	26,498	1,795	3,415
Dividend paid	(136,172)	(32,026)	-	-
Interest paid	(82,397)	(49,500)	(30,363)	(19,200)
Restricted cash	-	41,195	-	20,000
Net cash generated from financing activities	39,482	794,017	31,594	267,976
Net increase in cash and cash equivalents	800,901	2,271,438	223,271	723,416
Cash and cash equivalents at beginning of period	3,267,417	785,236	3,830,680	2,328,655
Effects of exchange rate changes in cash and cash equivalents	(27,934)	2,751	(13,567)	7,354
Cash and cash equivalents at end of period	4,040,384	3,059,425	4,040,384	3,059,425

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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 deficit 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 period	-	-	-	-	-	383,575	383,575
Other comprehensive loss, net of tax	-	-	-	(33)	(32,465)	-	(32,498)
Total comprehensive income for the period	-	-	-	(33)	(32,465)	383,575	351,077
Dividend declared from profits for financial year ended 30 June 2013	-	-	-	-	-	(32,026)	(32,026)
Appropriation to statutory reserve fund	-	14,975	-	-	-	(14,975)	-
Balance at 31.03.2014	1,503,789	108,970	4,629	(710)	(32,465)	3,504,852	5,089,065

<u>Group</u>	Share Capital RMB'000	Statutory reserve fund RMB'000	Employees' share option reserve RMB'000	Translation reserve / (deficit) RMB'000	Hedging deficit RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1.7.2014	1,503,789	114,349	4,629	806	(29,173)	3,625,355	5,219,755
Profit for the period	-	-	-	-	-	237,456	237,456
Other comprehensive loss, net of tax	-	-	-	(10,264)	(1,907)	-	(12,171)
Total comprehensive income for the period	-	-	-	(10,264)	(1,907)	237,456	225,285
Dividend declared from profits for financial year ended 30 June 2014	-	-	-	-	-	(136,172)	(136,172)
De-recognition of employees' share option reserve	-	-	(1,740)	-	-	1,740	-
Appropriation to statutory reserve fund	-	10,189	-	-	-	(10,189)	-
Balance at 31.03.2015	1,503,789	124,538	2,889	(9,458)	(31,080)	3,718,190	5,308,868

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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	Retained earnings/ (Accumulated losses) 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 period	-	-	-	-	196,044	196,044
Other comprehensive income/ (loss), net of tax	-	-	8,712	(32,465)	-	(23,753)
Total comprehensive income for the period	-	-	8,712	(32,465)	196,044	172,291
Dividend declared from profits for financial year ended 30 June 2013	-	-	-	-	(32,026)	(32,026)
Balance at 31.03.2014	1,503,789	4,629	(10,328)	(32,465)	51,940	1,517,565

<u>Company</u>	Share Capital RMB'000	Employees' share option reserve RMB'000	Translation deficit RMB'000	Hedging deficit RMB'000	Retained earnings/ (Accumulated losses) RMB'000	Total equity RMB'000
Balance at 1.7.2014	1,503,789	4,629	(1,207)	(29,173)	46,509	1,524,547
Profit for the period	-	-	-	-	8,485	8,485
Other comprehensive loss, net of tax	-	-	(134,731)	(1,907)	-	(136,638)
Total comprehensive loss for the period	-	-	(134,731)	(1,907)	8,485	(128,153)
Dividend declared from profits for financial year ended 30 June 2014	-	-	-	-	(136,172)	(136,172)
De-recognition of employees' share option reserve	-	(1,740)	-	-	1,740	-
Balance at 31.03.2015	1,503,789	2,889	(135,938)	(31,080)	(79,438)	1,260,222

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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.

	Resultant Issued and Paid Up Share Capital	
	Number of new Shares issued	Number of Shares (S\$'000)
As at 30 June 2014 and 31 March 2015	-	655,439,000 304,706

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

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

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

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those used in the audited financial statements as of 30 June 2014.

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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.

As per above point 4.

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

Basic earnings per share

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

	1.7.2014 to 31.03.2015	1.7.2013 to 31.03.2014	1.1.2015 to 31.03.2015	1.1.2014 to 31.03.2014
Based on weighted average number of ordinary shares on issue (RMB)	0.36	0.59	0.16	0.20
Weighted average number of shares (in thousands)	655,439	655,439	655,439	655,439

Diluted earnings per share

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

	1.7.2014 to 31.03.2015	1.7.2013 to 31.03.2014	1.1.2015 to 31.03.2015	1.1.2014 to 31.03.2014
On a fully diluted basis (RMB)	0.36	0.58	0.16	0.20
Weighted average number of shares (in thousands)	655,919	656,090	656,168	655,970

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

	Group		Company	
	31.3.2015	30.6.2014	31.3.2015	30.6.2014
Net asset value per ordinary share based on issued share capital at the end of the respective periods (RMB):	8.10	7.96	1.92	2.33
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 9MFY2015, 9MFY2014, 3QFY2015 and 3QFY2014 respectively:-

	9MFY2015		9MFY2014		3QFY2015		3QFY2014	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Processed Business Segment:								
- Processed vegetables	713,723	47.4	1,093,737	49.0	257,317	53.0	366,561	53.1
Subtotal	713,723	47.4	1,093,737	49.0	257,317	53.0	366,561	53.1
Cultivation Business Segment:								
- Fresh vegetables produce	491,085	32.6	757,493	33.9	179,660	37.0	228,966	33.2
- Mushroom spores ⁽¹⁾	77,268	5.1	136,897	6.1	-	-	-	-
Subtotal	568,353	37.7	894,390	40.0	179,660	37.0	228,966	33.2
Branded Business Segment:								
- Beverages	214,749	14.2	219,495	9.8	45,148	9.3	88,101	12.7
- Others ⁽²⁾	10,503	0.7	25,414	1.2	3,697	0.7	6,651	1.0
Subtotal	225,252	14.9	244,909	11.0	48,845	10.0	94,752	13.7
Total revenue	1,507,328	100.0	2,233,036	100.0	485,822	100.0	690,279	100.0

Note:-

(1) Sales of mushroom spores.

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

1.1 Revenue (9MFY2015 vs 9MFY2014)

Revenue for 9MFY2015 declined by 32.5% or RMB725.7 million, to RMB1,507.3 million (9MFY2014: RMB2,233.0 million). The decline was mainly due to a decrease in sales of RMB380.0 million from the processed business segment, RMB326.0 million from the cultivation business segment.

Revenue of processed business segment decreased by 34.7% or RMB380.0 million, to RMB713.7 million (9MFY2014: RMB1,093.7 million), due to decrease in sales volume by 34.4% or 10,133 tons, to 19,297 tons (9MFY2014: 29,430 tons) as a result of weakened demand for processed vegetables in the South American and European region.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

1. Revenue (Continued)

1.1 Revenue (9MFY2015 vs 9MFY2014) (Continued)

Revenue from the sales of fresh vegetables decreased by 35.2% or RMB266.4 million, to RMB491.1 million (9MFY2014: RMB757.5 million) mainly due to decline in sales volume by 42.6% or 110,780 tons, to 149,388 tons (9MFY2014: 260,168 tons) offset by increase in average selling price (“ASP”) by 12.9%. The scarcity of rural labour have resulted in the decline of fresh vegetables volume output.

Revenue from trading of mushroom spores decreased by 43.6% or RMB59.6 million, to RMB77.3 million (9MFY2014: RMB136.9 million), due to decline in sales volume by 41.8% or 16,849 tons, to 23,415 tons (9MFY2014: 40,264 tons), as a result of shortage of rural labour for cultivation activities.

1.2 Revenue (3QFY2015 vs 3QFY2014)

Revenue for 3QFY2015 declined by 29.6% or RMB204.5 million, to RMB485.8 million (3QFY2014: RMB690.3 million). The decline was due to a decrease in sales of RMB109.3 million from the processed business segment, RMB49.3 million from the cultivation business segment, and RMB45.9 million from the branded business segment.

Revenue of processed business segment decreased by 29.8% or RMB109.3 million, to RMB257.3 million (3QFY2014: RMB366.6 million), primarily due to decrease in sales volume by 24.2% or 1,926 tons, to 6,047 tons (3QFY2014: 7,973 tons) as a result of weakened demand for processed vegetables in the South American and European region.

Revenue from the sales of fresh vegetables decreased by 21.5% or RMB49.3 million, to RMB179.7 million (3QFY2014: RMB229.0 million) mainly due to decline in sales volume by 40.1% or 32,751 tons, to 48,997 tons (3QFY2014: 81,748 tons) offset by increase in average selling price (“ASP”) by 30.9%. The scarcity of rural labour have resulted in the decline of fresh vegetables volume output.

Revenue from beverage business decreased by 48.8% or RMB43.0 million to RMB45.1 million (3QFY2014: RMB88.1 million). Sales volume for 3QFY2015 decreased by 52.3% or 23.4 million units to 21.3 million units (3QFY2014: 44.7 million units). There was a surge in sales in the previous comparative period as a result from more aggressive marketing/branding promotion of beverage products.

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 9MFY2015, 9MFY2014, 3QFY2015 and 3QFY2014 respectively:-

	9MFY2015		9MFY2014		3QFY2015		3QFY2014	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Processed Business Segment:								
- Processed vegetables	162,586	37.5	302,228	41.3	64,438	39.8	96,483	39.4
Subtotal	162,586	37.5	302,228	41.3	64,438	39.8	96,483	39.4
Cultivation Business Segment:								
- Fresh vegetables produce	168,499	38.8	323,891	44.3	77,485	47.8	111,676	45.6
- Mushroom spores ⁽¹⁾	5,567	1.3	31,439	4.3	-	-	-	-
Subtotal	174,066	40.1	355,330	48.6	77,485	47.8	111,676	45.6
Branded Business Segment:								
- Beverages	96,970	22.3	77,292	10.5	19,698	12.2	37,796	15.4
- Others ⁽²⁾	291	0.1	(3,117)	(0.4)	330	0.2	(1,033)	(0.4)
Subtotal	97,261	22.4	74,175	10.1	20,028	12.4	36,763	15.0
Total gross profit	433,913	100.0	731,733	100.0	161,951	100.0	244,922	100.0

Note:-

(1) Sales of mushroom spores.

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

2.1 Gross Profit (9MFY2015 vs 9MFY2014)

Gross profit for 9MFY2015 decreased by 40.7% or RMB297.8 million, to RMB433.9 million (9MFY2014: RMB731.7 million). Overall gross profit margin decreased by 4.0ppt to 28.8% (9MFY2014: 32.8%).

Gross profit from processed vegetables decreased by 46.2% or RMB139.6 million, to RMB162.6 million (9MFY2014: RMB302.2 million), in tandem with the decrease in revenue. Gross profit margin for processed vegetables decreased by 4.8ppt to 22.8% (9MFY2014: 27.6%), primarily due to increase in raw materials costs.

Gross profit from cultivation business segment decreased by 51.0% or RMB181.2 million, to RMB174.1 million (9MFY2014: RMB355.3 million), in tandem with the decrease in revenue. Gross profit margin for cultivation business segment decreased by 9.1ppt to 30.6% (9MFY2014: 39.7%), primarily due to increase in labour costs.

Gross profit from beverage business increased by 25.5% or RMB19.7 million, to RMB97.0 million (9MFY2014: RMB77.3 million). Gross profit margin for beverage business increased by 10.0ppt to 45.2% (9MFY2014: 35.2%), primarily due to lower unit fixed costs.

CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

2. Gross Profit (Continued)

2.2 Gross Profit (3QFY2015 vs 3QFY2014)

Gross profit for 3QFY2015 decreased by 33.9% or RMB82.9 million, to RMB162.0 million (3QFY2014: RMB244.9 million). Our overall gross profit margin decreased by 2.2ppt to 33.3% (3QFY2014: 35.5%).

Gross profit from processed vegetables decreased by 33.3% or RMB32.1 million, to RMB64.4 million (3QFY2014: RMB96.5 million), in tandem with the decrease in revenue. Gross profit margin for processed vegetables decreased by 1.3ppt to 25.0% (3QFY2014: 26.3%), primarily due to an increase in raw materials costs.

Gross profit from cultivation business segment decreased by 30.6% or RMB34.2 million, to RMB77.5 million (3QFY2014: RMB111.7 million), in tandem with the decrease in revenue. Gross profit margin for cultivation business segment decreased by 5.7ppt to 43.1% (3QFY2014: 48.8%), primarily due to an increase in labour costs.

Gross profit from beverage business decreased by 47.9% or RMB18.1 million, to RMB19.7 million (3QFY2014: RMB37.8 million), in tandem with the decrease in revenue. The gross profit margin of beverage business has remained relatively constant.

3. Loss on fair value of biological assets less estimate point of sales cost

There is no changes to the fair value of biological assets for 3QFY2015 (3QFY2014: nil). The actual operational results were in line with the projections of revenue and anticipated costs associated with the biological assets. Accordingly, there is no material changes in the carrying amount of biological assets as at 31 March 2015.

CHINA MINZHONG FOOD CORPORATION LIMITED

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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	9MFY2015	9MFY2014	3QFY2015	3QFY2014
	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	78,344	25,284	27,117	17,760
Rental income ⁽¹⁾	53,550	34,373	19,945	12,708
Government grants	8,742	29,004	2,602	4,250
Gain on disposal of scrap materials, net	594	551	228	398
Reversal of allowance for doubtful debts	3,549	2,587	-	-
Gain on disposal of operating lease prepayments and land improvement costs	1,013	-	-	-
Others	7,929	203	140	-
Total	153,721	92,002	50,032	35,116

Note:-

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

4.1 Other income (9MFY2015 vs 9MFY2014)

Other income increased by 67.1% or RMB61.7 million, to RMB153.7 million (9MFY2014: RMB92.0 million), mainly due to increase in interest income of RMB53.1 million from bank deposits, increase in rental income of RMB19.2 million, refund of property tax of RMB7.5 million offset by decrease in government grants of RMB20.3 million received.

4.2 Other income (3QFY2015 vs 3QFY2014)

Other income increased by 42.5% or RMB14.9 million, to RMB50.0 million (3QFY2014: RMB35.1 million), mainly due to increase in interest income of RMB9.4 million from bank deposits, increase in rental income of RMB7.2 million, offset by decrease in government grant of RMB1.7 million.

5.1 Selling and distribution expenses (9MFY2015 vs 9MFY2014)

Selling and distribution expenses decreased by 38.3% or RMB45.9 million, to RMB73.8 million (9MFY2014: RMB119.7 million), mainly due to decrease of RMB45.5 million in marketing and advertising expenses.

5.2 Selling and distribution expenses (3QFY2015 vs 3QFY2014)

Selling and distribution expenses remain relatively constant at RMB11.7 million (3QFY2014: RMB11.4 million).

CHINA MINZHONG FOOD CORPORATION LIMITED

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

6.1 Administrative expenses (9MFY2015 vs 9MFY2014)

Administrative expenses increased by 4.1% or RMB4.8 million, to RMB122.1 million (9MFY2014: RMB117.3 million), mainly due to increase in depreciation expenses of RMB12.8 million, offset by decrease in professional fees of RMB6.5 million.

6.2 Administrative expenses (3QFY2015 vs 3QFY2014)

Administrative expenses remain relatively constant at RMB46.8 million (3QFY2014: RMB45.7 million).

7. Other expenses

The breakdown of other expenses is as follows:

Other expenses	9MFY2015	9MFY2014	3QFY2015	3QFY2014
	RMB'000	RMB'000	RMB'000	RMB'000
Rental expenses	43,945	28,449	16,386	10,671
Allowance for doubtful trade debts	8,845	12,963	-	-
Exchange (gain) / loss, net	(26,861)	11,090	(14,656)	8,448
Loss of biological assets	-	4,445	-	-
Others ⁽¹⁾	1,077	9,188	480	2,685
Total	27,006	66,135	2,210	21,804

Note:-

(1) Others 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.

7.1 Other expenses (9MFY2015 vs 9MFY2014)

Other expenses decreased by 59.2% or RMB39.1 million to RMB27.0 million (9MFY2014: RMB66.1 million), mainly due decrease in exchange loss and allowance for doubtful trade debts of RMB38.0 million.

7.2 Other expenses (3QFY2015 vs 3QFY2014)

Other expenses decreased by 89.9% or RMB19.6 million to RMB2.2million (3QFY2014: RMB21.8 million), mainly due to decrease in exchange loss of RMB23.1 million.

CHINA MINZHONG FOOD CORPORATION LIMITED

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

8.1 Finance cost (9MFY2015 vs 9MFY2014)

Finance cost increased by 66.2% or RMB32.8 million, to RMB82.4 million (9MFY2014: RMB49.6 million) due to increased bank borrowings.

8.2 Finance cost (3QFY2015 vs 3QFY2014)

Finance cost increased by 58.1% or RMB11.2 million, to RMB30.4 million (3QFY2014: RMB19.2 million) due to increased bank borrowings.

9.1 Profit before income tax (9MFY2015 vs 9MFY2014)

Profit before income tax decreased by 41.1% or RMB193.7 million, to RMB277.4 million (9MFY2014: RMB471.1 million) in tandem with lower gross profit.

9.2 Profit before income tax (3QFY2015 vs 3QFY2014)

Profit before income tax decreased by 33.5% or RMB61.0million, to RMB120.9 million (3QFY2014: RMB181.9 million) in tandem with lower gross profit.

10.1 Income tax expense (9MFY2015 vs 9MFY2014)

Income tax expense decreased by 54.4% or RMB47.6 million, to RMB39.9 million (9MFY2014: RMB87.5 million), in tandem with the decrease of profit before tax.

10.2 Income tax expense (3QFY2015 vs 3QFY2014)

Income tax expense decreased by 73.5% or RMB35.7 million, to RMB12.9 million (3QFY2014: RMB48.6 million), in tandem with the decrease of profit before tax.

CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

11.1 EBITDA (9MFY2015 vs 9MFY2014)

EBITDA decreased by 29.0% or RMB197.7 million, to RMB484.4 million (9MFY2014: RMB682.1 million) whereas EBITDA margin increased 1.6ppt to 32.1% (9MFY2014: 30.5%).

11.2 EBITDA (3QFY2015 vs 3QFY2014)

EBITDA decreased by 22.4% or RMB55.0 million, to RMB190.8 million (3QFY2014: RMB245.8 million) whereas EBITDA margin increased 3.7ppt to 39.3% (9MFY2014: 35.6%).

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

	9MFY2015	9MFY2014	3QFY2015	3QFY2014
	RMB'000	RMB'000	RMB'000	RMB'000
Net income	237,456	383,575	108,002	133,255
Add / (Less):				
Interest expense	82,397	49,569	30,363	19,200
Interest income	(78,344)	(25,284)	(27,117)	(17,760)
Income tax expense	39,939	87,499	12,880	48,640
Depreciation of property, plant and equipment	87,971	70,152	30,849	24,333
Amortisation of land use rights	2,329	2,126	776	708
Amortisation of land improvement costs	59,379	64,002	19,394	20,469
Amortisation of operating lease prepayments	44,899	47,702	14,528	15,823
Amortisation of capitalised expense	3,424	2,735	1,093	1,158
Loss on fair value of biological assets less estimated point of sales cost	4,900	-	-	-
EBITDA	484,350	682,076	190,768	245,826
EBITDA margins	32.1%	30.5%	39.3%	35.6%

CHINA MINZHONG FOOD CORPORATION LIMITED

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REVIEW OF PERFORMANCE (Continued)

(B) Consolidated Balance Sheet (31 March 2015 vs 30 June 2014)

Non-current assets

Non-current assets decreased by approximately 7.9% or RMB231.2 million, to RMB2,702.8 million (30 June 2014: RMB2,934.0 million), primarily due to disposal of operating lease prepayments and land improvement costs of RMB43.0 million and the result of amortisation and depreciation expenses.

Current assets

Current assets increased by 15.6% or RMB636.9 million, to RMB4,724.8 million (30 June 2014: RMB4,087.9 million), primarily due to increase in cash and bank balances of RMB773.0 million offset by a decline in trade and other receivables and inventories of RMB81.6 million and RMB49.7 million respectively. The increased in cash and bank balances was mainly due to collections from trade debtors over the period.

Non-current liabilities

Non-current liabilities have remained relatively constant at RMB975.8 million (30 June 2014: RMB976.3 million).

Current liabilities

Current liabilities increased by 38.4% or RMB317.0 million, to RMB1,142.9 million (30 June 2014: RMB825.9 million). This was largely attributable to increase in short term bank financing of RMB238.0 million and increase in trade and other payables and accruals of RMB74.7 million.

Working capital days

<u>Days</u>	For the trailing 12 months ended	
	31 March 2015	30 June 2014
Trade Receivables Turnover ⁽¹⁾	78	99
Trade Payables Turnover ⁽²⁾	(36)	(38)
Inventory Turnover ⁽³⁾	28	25
Cash Conversion	70	86

The improved cash conversion days was mainly due to the healthy receipts of the trade receivables.

Note:-

(1) Average trade receivables / revenue x 365 days

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

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

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REVIEW OF PERFORMANCE (Continued)

(C) Consolidated Cash Flow Statement

9MFY2015

For the 9 months ended 31 March 2015, net cash generated from operating activities amounts to RMB704.4 million. This comprises cash generated from operating activities before changes in working capital of RMB480.1 million, net working capital inflow of RMB210.3 million, income tax of RMB50.0 million paid and interest income of RMB64.0 million received. The net working capital inflow was a result of a decrease in inventories of RMB49.7 million, an increased in biological assets of RMB1.5 million; a decrease in trade and other receivables of RMB86.0 million and increase in trade and other payables of RMB76.1 million.

For the 9 months ended 31 March 2015, net cash generated from investing activities of RMB57.0 million was attributable to proceeds from disposal of operating lease prepayments of RMB44 million, refund of deposits for land use right and construction of an aggregate amount of RMB28.8 million, offset by property, plant and equipment additions of RMB15.8 million.

For the 9 months ended 31 March 2015, net cash generated from financing activities of RMB39.5 million was mainly attributable to net proceeds from bank loans of RMB251.7 million offset by dividend payment and interest expenses of RMB136.2 million and RMB82.4 million respectively.

3QFY2015

For the 3 months ended 31 March 2015, net cash generated from operating activities amounts to RMB197.7 million. This comprises cash generated from operating activities before changes in working capital of RMB188.4 million, net working capital inflow of RMB6.5 million, income tax of RMB13.2 million paid and interest income of RMB16.0 million received. The net working capital inflow was a result of a decrease in inventories of RMB13.5 million, an increased in biological assets of RMB2.7 million; a decrease in trade and other receivables of RMB6.9 million and decrease in trade and other payables of RMB11.2 million.

For the 3 months ended 31 March 2015, net cash used in investing activities of RMB6.0 million was attributable to property, plant and equipment additions.

For the 3 months ended 31 March 2015, net cash generated from financing activities of RMB31.6 million was mainly attributable to net proceeds from bank loans of RMB60.2 million offset by interest expenses of RMB30.4 million.

CHINA MINZHONG FOOD CORPORATION LIMITED
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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.**

On the back of rising urbanization and declining rural labour, 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. 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. While the demand for processed vegetables in the South American and European region remains weak, the rising domestic consumption in PRC presents many growth opportunities.

CHINA MINZHONG FOOD CORPORATION LIMITED
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11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

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

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

13. Present on-going interested person transactions

For the financial period ended 31 March 2015, the Group has been supplying processed vegetables to the Company's immediate holding company, PT Indofood Sukses Makmur Tbk. These sales, amounting to RMB2.5 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. 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
24 April 2014

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

**FINANCIAL RESULTS OF THE COMPANY AND THE GROUP FOR THE FINANCIAL PERIOD ENDED
31 MARCH 2015**

We confirmed that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the Third Quarter financial results of the Company and the Group for the financial period ended 31 March 2015 to be false or misleading in any material aspect.

For and on behalf of the Board

LIN GUO RONG
Director

SIEK WEI TING
Director