

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 2016 to 30 June 2016 ("4QFY2016") and the results for the financial year ended 30 June 2016 ("FY2016"). The comparatives are for the quarter period from 1 April 2015 to 30 June 2015 ("4QFY2015") and the financial year ended 30 June 2015 ("FY2015"). 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					
		FY2016	FY2015 Restated	Change	4QFY2016	4QFY2015 Restated	Change
		RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	1	1,822,515	1,971,145	(7.5)	379,915	463,818	(18.1)
Cost of sales		(1,313,221)	(1,359,785)	(3.4)	(278,774)	(286,371)	(2.7)
Gross profit	2	509,294	611,360	(16.7)	101,141	177,447	(43.0)
<i>Gross profit margin (%)</i>		27.9%	31.0%	(3.1ppt)	26.6%	38.3%	(11.7ppt)
Other income	3	202,495	208,990	(3.1)	60,792	55,269	10.0
Selling and distribution expenses	4	(39,020)	(83,512)	(53.3)	(8,214)	(9,668)	(15.0)
Administrative expenses	5	(170,617)	(158,778)	7.5	(36,747)	(36,146)	1.7
Other expenses	6	(189,004)	(58,959)	>100	(58,778)	(31,953)	84.0
Finance cost	7	(149,669)	(100,778)	48.5	(26,204)	(18,381)	42.6
Profit before income tax	8	163,479	418,323	(60.9)	31,990	136,568	(76.6)
Income tax	9	(30,670)	(81,916)	(62.6)	8,034	(41,977)	nm
Profit for the year / period		132,809	336,407	(60.5)	40,024	94,591	(57.7)

Other comprehensive income / (loss) :

Items that may be reclassified subsequently to profit or loss

Currency translation difference arising from consolidation	1,009	(9,296)	nm	82	968	(91.5)
Fair value gain arising from cash flow hedge	51,896	28,887	79.7	1,010	30,794	(96.7)
Total comprehensive income for the year / period	185,714	355,998	(47.8)	41,116	126,353	(67.5)

Earnings per share (RMB)

Basic	0.20	0.51		0.06	0.14	
Diluted	0.20	0.51		0.06	0.14	

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Profit before income tax

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

	Group			
	FY2016	FY2015 Restated	4QFY2016	4QFY2014 Restated
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation of property, plant and equipment	121,386	118,857	29,416	30,886
Property, plant and equipment written off	79	199	-	-
Amortisation of land use rights	3,106	3,106	777	777
Amortisation of land improvement costs	63,136	78,774	14,752	19,395
Amortisation of operating lease prepayments	56,728	59,426	14,137	14,527
Impairment allowance for trade receivables	14,586	19,330	5,518	10,485
Reversal of allowance for trade receivables	(13,473)	(8,475)	(5,666)	(4,926)
Amortisation of government grant	(8,230)	(10,475)	(1,849)	(1,732)
Interest income	(88,869)	(106,614)	(21,841)	(28,270)
Finance cost	149,669	100,778	26,204	18,381
Amortisation of capitalised expenses	4,492	4,526	1,170	1,102
Depreciation of bearer plants	720	720	180	180

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

	Group			Company	
	30.6.2016	30.06.2015	01.07.2014	30.6.2016	30.06.2015
		Restated	Restated		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Capital and reserves					
Share capital	1,503,789	1,503,789	1,503,789	1,503,789	1,503,789
Statutory reserve fund	135,618	130,507	114,349	-	-
Employees' share option reserve	-	2,889	4,629	-	2,889
Translation (deficit) / surplus	(7,481)	(8,490)	806	(8,835)	(116,720)
Hedging reserve / (deficit)	51,610	(286)	(29,173)	51,610	(286)
Retained earnings/ (Accumulated losses)	3,619,077	3,488,490	3,493,315	(214,888)	(86,873)
TOTAL EQUITY	5,302,613	5,116,899	5,087,715	1,331,676	1,302,799
Non-current assets					
Deferred tax assets	23,000	6,000	6,000	-	-
Property, plant and equipment	2,178,589	2,019,844	2,130,446	1,113	1,158
Land use rights	128,381	131,487	134,741	-	-
Bearer plants	25,320	26,040	26,760	-	-
Land improvement costs	122,751	88,139	175,249	-	-
Investment in subsidiaries	-	-	-	1,301,495	1,194,617
Operating lease prepayments	193,124	241,598	328,775	-	-
Loan to a subsidiary	-	-	-	602,663	774,853
Derivative financial instruments	45,951	-	-	45,951	-
	2,717,116	2,513,108	2,801,971	1,951,222	1,970,628
Current assets					
Land use rights	3,125	3,125	2,977	-	-
Biological assets	26,390	23,109	20,948	-	-
Inventories	37,913	61,507	106,614	-	-
Trade receivables	209,399	421,095	476,607	-	-
Due from a subsidiary (non-trade)	-	-	-	596,715	519,452
Operating lease prepayments	55,824	56,518	63,418	-	-
Other receivables and prepayments	93,412	136,058	149,895	182	273
Cash and bank balances	4,373,641	4,261,919	3,267,417	15,872	6,569
Loan to a subsidiary	-	-	-	172,190	86,095
	4,799,704	4,963,331	4,087,876	784,959	612,389
TOTAL ASSETS	7,516,820	7,476,439	6,889,847	2,736,181	2,583,017

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

	Group			Company	
	30.6.2016	30.06.2015	01.07.2014	30.6.2016	30.06.2015
		Restated	Restated		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities					
Trade payables	87,321	212,589	103,453	-	-
Other payables and accruals	234,014	320,805	124,640	50,877	213,793
Bank term loans	1,131,130	944,404	593,680	607,631	203,225
Income tax liabilities	13,660	7,098	820	13,660	7,098
Government grants	2,834	2,628	3,265	-	-
	1,468,959	1,487,524	825,858	672,168	424,116
Non-current liabilities					
Government grants	12,911	15,914	18,506	-	-
Bank term loans	687,337	810,816	903,595	687,337	810,816
Deferred tax liabilities	45,000	45,000	25,000	45,000	45,000
Derivative financial instruments	-	286	29,173	-	286
	745,248	872,016	976,274	732,337	856,102
TOTAL LIABILITIES	2,214,207	2,359,540	1,802,132	1,404,505	1,280,218
NET ASSETS	5,302,613	5,116,899	5,087,715	1,331,676	1,302,799

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

Bank term loans

	<u>30.6.2016</u>	<u>30.6.2015</u>
	<u>RMB'000</u>	<u>RMB'000</u>
<u>Non-current portion</u>		
Interest bearing loan, unsecured ⁽¹⁾	829,862	922,068
Adjustment for		
- Loan expenses	(23,419)	(23,419)
- Currency alignment	67,286	(4,653)
	<hr/>	<hr/>
	873,729	893,996
Add: Amortisation of loan expenses	12,942	8,450
	<hr/>	<hr/>
Net carrying amount at end of year	886,671	902,446
Less: Repayable not more than one year	(199,334)	(91,630)
	<hr/>	<hr/>
Total non-current portion bank loan	687,337	810,816
	<hr/>	<hr/>
<u>Current portion</u>		
Syndicated loan	199,334	91,630
Interest bearing loans ⁽²⁾		
- Unsecured	931,796	692,774
- Guaranteed ⁽³⁾	-	160,000
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Total current portion bank loan	1,131,130	944,404
	<hr/>	<hr/>
Total bank term loans	1,818,467	1,755,220
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Note (1): Interest rate for long-term bank loan is the aggregate of applicable USD LIBOR and 2.6% per annum.

Note (2): Interest rates for short-term bank loans range from 2.5% to 6.16% (30 June 2015: 3.2% to 9.3%) per annum.

Note (3): Sichuan Minzhong Organic Food Co., Ltd (a subsidiary of the Company) is providing guarantee for 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			
	FY2016	FY2015	4QFY2016	4QFY2015
	RMB'000	Restated RMB'000	RMB'000	Restated RMB'000
Cash flows from operating activities				
Profit before income tax	163,479	418,323	31,990	136,568
Adjustments for:				
Translation difference	110,904	(25,958)	38,430	-
Depreciation of property, plant and equipment	121,386	118,857	29,416	30,886
Depreciation of bearer plants	720	720	180	180
Property, plant and equipment written off	79	199	-	-
Gain on disposal of operating lease prepayments and land improvement costs	-	(1,013)	-	-
Amortisation of land use rights	3,106	3,106	777	777
Amortisation of land improvement costs	63,136	78,774	14,752	19,395
Amortisation of operating lease prepayments	56,728	59,426	14,137	14,527
Impairment allowance for trade receivables	14,586	19,330	5,518	10,485
Impairment allowance for other receivables	11,945	-	2,160	-
Reversal of allowance for trade receivables	(13,473)	(8,475)	(5,666)	(4,926)
Amortisation of government grant	(8,230)	(10,475)	(1,849)	(1,732)
Reclassification from hedging reserve to profit or loss	5,659	-	5,659	-
Interest income	(88,869)	(106,614)	(21,841)	(28,270)
Interest expenses on bank term loans	154,163	105,304	27,374	19,483
Operating profit before working capital changes	595,319	651,504	141,037	197,373
Inventories	23,594	45,107	2,637	(4,591)
Biological assets	(3,281)	(2,161)	(5,733)	(663)
Trade receivables	210,583	44,657	209,146	(22,833)
Other receivables and prepayments	45,309	(16,793)	13,544	(35,327)
Trade payables	(125,268)	109,136	(43,397)	62,037
Other payables and accruals	(99,273)	(775)	(23,753)	(29,725)
Cash generated from operations	646,983	830,675	293,481	166,271
Income tax paid	(54,903)	(65,620)	(20,220)	(15,610)
Interest received	74,996	101,709	32,194	37,681
Net cash from operating activities	667,076	866,764	305,455	188,342

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(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (Continued)

	Group			
	FY2016 RMB'000	FY2015 RMB'000	4QFY2016 RMB'000	4QFY2015 RMB'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(268,788)	(22,584)	(2,048)	(6,772)
Refund of deposit for land use rights	-	43,840	-	26,040
Refund from plant and equipment returned / construction deposits	-	11,051	-	-
Proceeds from disposal of operating lease prepayments and land improvement costs	-	44,000	-	-
Proceeds from disposal of property, plant and equipment	17	-	17	-
Additions to operating lease prepayments	(7,560)	-	(7,560)	-
Land improvement costs	(97,748)	-	(97,380)	-
Net cash (used in) / from investing activities	(374,079)	76,307	(106,971)	19,268
Cash flows from financing activities				
Proceeds from bank term loans	1,287,193	1,066,248	84,000	159,800
Advance from other payable	-	189,987	-	189,987
Repayment of bank term loans	(1,337,451)	(795,449)	(205,800)	(140,731)
Government grant received	5,433	7,246	1,150	925
Dividend paid	-	(326,814)	-	(190,642)
Interest paid	(136,450)	(88,908)	(12,288)	(6,511)
Net cash (used in) / from financing activities	(181,275)	52,310	(132,938)	12,828
Net increase in cash and cash equivalents	111,722	995,381	65,546	220,438
Cash and cash equivalents at beginning of year / period	4,261,919	3,267,417	4,308,095	4,040,384
Effects of exchange rate changes in cash and cash equivalents	-	(879)	-	1,097
Cash and cash equivalents at end of year / period	4,373,641	4,261,919	4,373,641	4,261,919

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

<u>Group</u>	Share Capital	Statutory reserve fund	Employees' share option reserve	Translation reserve/ (deficit)	Hedging (deficit)/ reserve	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.7.2014	1,503,789	114,349	4,629	806	(29,173)	3,625,355	5,219,755
Cumulative effect of adopting FRS16 & FRS41	-	-	-	-	-	(132,040)	(132,040)
Balance at 1.7.2014 (Restated)	1,503,789	114,349	4,629	806	(29,173)	3,493,315	5,087,715
Profit for the year	-	-	-	-	-	320,477	320,477
Effect of adopting FRS16 & FRS41	-	-	-	-	-	15,930	15,930
Other comprehensive income / (loss), net of tax	-	-	-	(9,296)	28,887	-	19,591
Total comprehensive income for the year	-	-	-	(9,296)	28,887	336,407	355,998
Dividend declared	-	-	-	-	-	(326,814)	(326,814)
Expiry of employees' share option	-	-	(1,740)	-	-	1,740	-
Appropriation to statutory reserve fund	-	16,158	-	-	-	(16,158)	-
Balance at 30.6.2015	1,503,789	130,507	2,889	(8,490)	(286)	3,488,490	5,116,899
Balance at 1.7.2015	1,503,789	130,507	2,889	(8,490)	(286)	3,488,490	5,116,899
Profit for the year	-	-	-	-	-	133,699	133,699
Effect of adopting FRS16 & FRS41	-	-	-	-	-	(890)	(890)
Other comprehensive income, net of tax	-	-	-	1,009	51,896	-	52,905
Total comprehensive income for the year	-	-	-	1,009	51,896	132,809	185,714
Expiry of employees' share option	-	-	(2,889)	-	-	2,889	-
Appropriation to statutory reserve fund	-	5,111	-	-	-	(5,111)	-
Balance at 30.6.2016	1,503,789	135,618	-	(7,481)	51,610	3,619,077	5,302,613

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

Company

	Share Capital RMB'000	Employees' share option reserve RMB'000	Translation deficit RMB'000	Hedging (deficit)/ reserve RMB'000	Retained earnings/ (Accumulated losses) RMB'000	Total equity RMB'000
Balance at 1.7.2014	1,503,789	4,629	(1,207)	(29,173)	46,509	1,524,547
Profit for the year	-	-	-	-	191,692	191,692
Other comprehensive income / (loss), net of tax	-	-	(115,513)	28,887	-	(86,626)
Total comprehensive income for the year	-	-	(115,513)	28,887	191,692	105,066
Dividend declared	-	-	-	-	(326,814)	(326,814)
Expiry of employees' share option	-	(1,740)	-	-	1,740	-
Balance at 30.6.2015	1,503,789	2,889	(116,720)	(286)	(86,873)	1,302,799
Balance at 1.7.2015	1,503,789	2,889	(116,720)	(286)	(86,873)	1,302,799
Loss for the year	-	-	-	-	(130,904)	(130,904)
Other comprehensive income, net of tax	-	-	107,885	51,896	-	159,781
Total comprehensive income for the year	-	-	107,885	51,896	(130,904)	28,877
Expiry of employees' share option	-	(2,889)	-	-	2,889	-
Balance at 30.6.2016	1,503,789	-	(8,835)	51,610	(214,888)	1,331,676

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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.

	Issued and Paid Up Share Capital	
	Number of Shares	(\$'000)
As at 30 June 2015 and 30 June 2016	655,439,000	304,706

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

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

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

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

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

Amendments to FRS 16 and FRS 41 Agriculture – Bearer Plants

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

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

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

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

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

	FY2016	FY2015	4QFY2016	4QFY2015
Based on weighted average number of ordinary shares on issue (RMB)	0.20	0.51	0.06	0.14
Weighted average number of shares (in thousands)	655,439	655,439	655,439	655,439

	FY2016	FY2015	4QFY2016	4QFY2015
On a fully diluted basis (RMB)	0.20	0.51	0.06	0.14
Weighted average number of shares (in thousands)	655,459	655,794	655,439	655,882

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	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
Net asset value per ordinary share based on issued share capital at the end of the financial year (RMB):	8.09	7.80	2.03	1.99
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 FY2016, FY2015, 4QFY2016 and 4QFY2015 respectively:-

	FY2016		FY2015		4QFY2016		4QFY2015	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Processed Business Segment:								
- Processed vegetables	952,563	52.3	904,777	45.9	225,876	59.5	191,054	41.2
Subtotal	952,563	52.3	904,777	45.9	225,876	59.5	191,054	41.2
Cultivation Business Segment:								
- Fresh vegetables produce	617,741	33.9	663,664	33.7	132,400	34.8	172,579	37.2
- Mushroom spores ⁽¹⁾	83,585	4.6	77,268	3.9	-	-	-	-
Subtotal	701,326	38.5	740,932	37.6	132,400	34.8	172,579	37.2
Branded Business Segment:								
- Beverages	143,797	7.9	312,358	15.8	18,382	4.8	97,609	21.0
- Others ⁽²⁾	24,829	1.3	13,078	0.7	3,257	0.9	2,576	0.6
Subtotal	168,626	9.2	325,436	16.5	21,639	5.7	100,185	21.6
Total revenue	1,822,515	100.0	1,971,145	100.0	379,915	100.0	463,818	100.0

Note:-

(1) Sales of mushroom spores.

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

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

1. Revenue (continued)

FY2016 vs FY2015

Revenue for FY2016 decreased by 7.5% or RMB148.6 million, to RMB1,822.5 million (FY2015: RMB1,971.1 million). This was mainly due to a decrease in sales of RMB39.6 million from the cultivation business segment and RMB156.8 million from the branded business segment offset by increased in sales of RMB47.8 million from the processed business segment.

Revenue of processed business segment increased by 5.3% was primarily due to increase in average selling price by 12.4%, offset by a decrease in sales volume by 6.3%. The weakened demand for processed products was primarily due to higher selling price arising from higher raw materials cost for vegetables processing. Revenue from the sales of fresh vegetables decreased by 6.9% from RMB663.7 million to RMB617.7 million mainly due to decline in sales volume by 15.6% offset by an increase in average selling price by 10.3%. Revenue from beverage business decreased by RMB168.6 million to RMB143.8 million primarily due to the slowdown of the economy and re-focusing of our corporate strategy to the core business.

4QFY2016 vs 4QFY2015

Revenue for 4QFY2016 declined by 18.1% or RMB83.9 million, to RMB379.9 million (4QFY2015: RMB463.8 million). The decline was due to a decrease in sales of RMB40.2 million from the cultivation business segment and RMB78.5 million from the branded business segment offset by increase in sales of RMB34.8 million from the processed business segment.

Revenue of processed business segment increased by 18.2% to RMB225.9 million primarily due to increase in sales volume by 21.0% as a result of increased orders for processed vegetables. Revenue from the sales of fresh vegetables decreased by 23.3% to RMB132.4 million (4QFY2015: RMB172.6 million) mainly due to decline in sales volume by 29.7% offset by increase in average selling price by 9.1%. The scarcity of rural labour have resulted in the decline of fresh vegetables volume output. Revenue from beverage business decreased by RMB79.2 million to RMB18.4 million as a result of decreased in sales volume.

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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 FY2016, FY2015, 4QFY2016 and 4QFY2015 respectively:-

	FY2016		FY2015		4QFY2016		4QFY2015	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Processed Business Segment:								
- Processed vegetables	215,825	42.4	222,802	36.5	50,655	50.1	60,216	33.9
Subtotal	215,825	42.4	222,802	36.5	50,655	50.1	60,216	33.9
Cultivation Business Segment:								
- Fresh vegetables produce	223,319	43.8	239,227	39.1	43,195	42.7	70,729	39.9
- Mushroom spores ⁽¹⁾	8,431	1.7	5,567	0.9	-	-	-	-
Subtotal	231,750	45.5	244,794	40.0	43,195	42.7	70,729	39.9
Branded Business Segment:								
- Beverages	59,743	11.7	143,244	23.4	6,602	6.5	46,274	26.1
- Others ⁽²⁾	1,976	0.4	520	0.1	689	0.7	228	0.1
Subtotal	61,719	12.1	143,764	23.5	7,291	7.2	46,502	26.2
Total gross profit	509,294	100.0	611,360	100.0	101,141	100.0	177,447	100.0

Note:-

(1) Sales of mushroom spores.

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

FY2016 vs FY2015

Gross profit for FY2016 decreased by 16.7% or RMB102.1 million, to RMB509.3 million (FY2015: RMB611.4 million), Overall gross profit margin for decreased by 3.1ppt to 27.9% (FY2015: 31.0%).

Gross profit of processed business segment remains relatively constant at RMB215.8 million (FY2015: RMB222.8 million) while gross profit margin for processed business segment decreased by 1.9ppt to 22.7% (FY2015: 24.6%), primarily due to an increase in raw materials costs. Gross profit margin for cultivation business segment remains constant at 33.0%. Gross profit from beverage business decreased by 58.3% to RMB59.7 million (FY2015: RMB143.2 million) in tandem with the decrease in revenue.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

Gross Profit

4QFY2016 vs 4QFY2015

Gross profit for 4QFY2016 decreased by 43.0% or RMB76.3 million, to RMB101.1 million (4QFY2015: RMB177.4 million), Overall gross profit margin for 4QFY2016 had decreased by 11.7ppt to 26.6% (4QFY2015: 38.3%).

Gross profit of processed vegetables business segment decreased by 15.9% to RMB50.7 million. Gross profit margin for processed vegetables business segment decreased by 9.1ppt to 22.4% (4QFY2015: 31.5%), primarily due to increase in labour and raw material costs. Gross profit from cultivation business segment decreased by 38.9% in tandem with the decrease in revenue. Gross profit margin for cultivation business segment decreased by 8.4ppt to 32.6% (4QFY2015: 41.0%) primarily due to increase in labour costs. Gross profit from beverage business decreased by RMB39.7 million to RMB6.6 million, in tandem with the decrease in revenue.

3 Other income

The breakdown of other income is as follows:

Other income	FY2016	FY2015	4QFY2016	4QFY2015
	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	88,869	106,614	21,841	28,270
Rental income ⁽¹⁾	77,398	73,838	18,528	20,288
Government grants	8,230	10,475	1,849	1,733
Net fair value gains on derivative financial instruments	12,873	-	12,873	-
Gain on disposal of scrap materials	353	646	35	52
Reversal of allowance for doubtful debts	13,473	8,475	5,666	4,926
Gain on disposal of operating lease prepayments and land improvement costs	-	1,013	-	-
Others	1,299	7,929	-	-
Total	202,495	208,990	60,792	55,269

Note:-

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

Other income for FY2016 and 4QFY2016 remains relatively stable at RMB202.5 million (FY2015: RMB209.0 million) and RMB60.8 million (4QFY2015: RMB55.3 million) respectively.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

4 Selling and distribution expenses

For FY2016, selling and distribution expenses decreased by 53.3% or RMB44.5 million, to RMB39.0 million (FY2015: RMB83.5 million), mainly due to decrease in marketing and advertising expenses of RMB23.4 million and salaries of RMB9.4 million. Selling and distribution expenses for 4QFY2016 have remained relatively constant at RMB8.2 million (4QFY2015: RMB9.7 million).

5 Administrative expenses

Administrative expenses in FY2016 have increased by 7.5% to RMB170.6 million (FY2015: RMB158.8 million), mainly due to increase in professional fees of RMB4.9 million and repair & maintenance costs of RMB4.3 million. Administrative expenses for 4QFY2016 have remained relatively constant at RMB36.7 million (4QFY2015: RMB36.1 million).

6 Other expenses

The breakdown of other expenses is as follows:

Other expenses	FY2016	FY2015	4QFY2016	4QFY2015
	RMB'000	RMB'000	RMB'000	RMB'000
Rental expenses	59,757	60,437	14,755	16,492
Allowance for doubtful trade debts	14,586	19,330	5,518	10,485
Exchange (gain) / loss, net	95,440	(22,764)	36,344	4,097
Other receivables written off	11,945	-	2,160	-
Others	7,276	1,956	1	879
Total	189,004	58,959	58,778	31,953

For FY2016, other expenses have increased by RMB130.0 million to RMB189.0 million (FY2015: RMB59.0 million), mainly due to increase in currency exchange loss of RMB118.2 million. For 4QFY2016, the increase in other expenses of RMB26.8 million is also due to currency exchange loss.

7 Finance cost

The increase in finance cost of RMB48.9 million for FY2016 and RMB7.8 million in 4QFY2016 is mainly due to increased borrowings.

8 Profit before income tax

The Group reported lower profit before income tax of RMB163.5 million and RMB32.0 million for FY2016 and 4QFY2016 respectively, mainly due to lower gross profits and increase in currency exchange loss.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

9 Income tax

For FY2016, income tax decreased by 62.6% was in tandem with the decrease in profit before income tax. For 4QFY2016, the income tax comprises of deferred tax assets movement of RMB18.6 million.

10 EBITDA

EBITDA for FY2016 decreased by 28.3% to RMB562.7 million while EBITDA for 4QFY2016 decreased to RMB118.6 million. EBITDA margin for FY2016 and 4QFY2016 is 30.9% and 31.2% respectively.

(B) Review of Financial Position

Total non-current assets of RMB2,717.1 million was 8.1% or RMB204.0 million higher than 30 June 2015. The increase was principally attributable to additions to property, plant and equipment and land improvement costs, partly offset by depreciation and amortisation of assets.

Current assets decreased by approximately 3.3% or RMB163.6 million to RMB4,799.7 million (30 June 2015: RMB4,963.3 million), mainly due to decrease in trade and other receivables of RMB254.4 million offset by the increase in cash and bank balances of RMB111.7 million.

As at 30 June 2016, total liabilities of RMB2,214.2 million were approximately RMB145.3 million or 6.3% lower than RMB2,359.5 million at 30 June 2015. The decrease is mainly due decrease in trade and other payables of RMB212.1 million offset by increase in RMB63.2 million of bank term loans.

(C) Review of Cash Flows

The Group generated net cash from operating activities of RMB667.1 million and RMB305.4 million in FY2016 and 4QFY2016 respectively, compared to RMB866.8 million and RMB188.3 million in FY2015 and 4QFY2015 respectively. For FY2016, the decline was mainly due to lower operating profit in FY2016. Net cash used in investing activities for FY2016 and 4QFY2016 was RMB374.1 million and RMB107.0 million respectively. This comprise principally capital expenditure relating to additions of property, plant and equipment and land improvements costs. Net cash used in financing activities for FY2016 and 4QFY2016 was RMB181.3 million and RMB132.9 million respectively, due to interest payment and net repayment of bank term loans. As a results, Group cash level increased RMB111.7 million from RMB4,261.9 million as at 30 June 2015 to RMB4,373.6 million as at 30 June 2016.

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

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

There was no final dividend declared for FY2015. On 9 June 2015, interim one-tier tax exempt dividend in respect of the financial year ended 30 June 2015 has been declared and announced.

Interim dividend

Name of Dividend	: Interim
Dividend Type	: Cash
Dividend Rate	: S\$0.0643 per share
Number of shares	: 655,439,000
Tax rate	: Tax exempt one-tier

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

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

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13. Present on-going interested person transactions

For the financial year ended 30 June 2016, the Group has been supplying processed vegetables to the Company's immediate holding company, PT Indofood Sukses Makmur Tbk. These sales, amounting to RMB0.1 million, were transacted on an arm's length basis in the ordinary and usual course of business. To date, no interested person transactions ("IPT") mandate has been obtained.

14. A breakdown of sales

	FY2016	FY2015	Increase/ (Decrease)
	RMB'000	RMB'000	%
(a) Sales reported for first half year	991,230	1,021,505	(3.0%)
(b) Operating profit for first half year	149,200	134,194	11.2%
(c) Sales reported for second half year	831,285	949,640	(12.5%)
(d) Operating profit for second half year	150,457	234,876	(35.9%)

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 business segment, which is the processing and sale of processed vegetables;
- Cultivation business segment, which is the production and sale of fresh vegetable produce and trading of mushroom spores;
- Branded business segment, which is the production and sale of branded beverages, instant food, and health food products.

(a) Operating segments

Unallocated costs represent corporate expenses. Segments assets consist primarily of property, plant and equipment, lease payments, inventories and receivables. Segments liabilities comprise payables, provisions and government grant.

(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 the investment holding.
- People's Republic of China – the operations in this area are principally the 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 non-current non-financial assets 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

2016	<u>Processed business segment</u> RMB'000	<u>Cultivation business segment</u> RMB'000	<u>Branded business segment</u> RMB'000	<u>Group</u> RMB'000
Revenue				
External sales	952,563	701,326	168,626	1,822,515
Results	128,234	189,458	(1,369)	316,323
Unallocated expenses				(16,666)
Operating profit				299,657
Other income				202,495
Other expenses				(189,004)
Financial cost				(149,669)
Profit before income tax				163,479
Segment assets	1,456,231	868,971	389,428	2,714,630
Unallocated assets				
- Construction in progress				327,679
- Other receivables and prepayments				31,919
- Cash and bank balances				4,373,641
- Derivative financial instruments				45,951
- Deferred tax assets				23,000
Total assets				7,516,820
Segment liabilities	(86,585)	(30,861)	(55,915)	(173,361)
Unallocated liabilities				
- Other payables and accruals				(161,634)
- Government grants				(15,745)
- Bank term loans				(1,818,467)
- Deferred tax liabilities				(45,000)
Total liabilities				(2,214,207)
Other segment items				
Capital expenditure				
- Property, plant and equipment	766	13,444	516	14,726*
- Construction in progress	-	-	-	268,440
- Land improvement costs	-	97,748	-	97,748
- Operating lease prepayments	-	7,560	-	7,560
Depreciation and amortization	60,448	161,182	23,446	245,076

* Including transfer from construction in progress

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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)

2015 (Restated)	<u>Processed business segment</u> RMB'000	<u>Cultivation business segment</u> RMB'000	<u>Branded business segment</u> RMB'000	<u>Group</u> RMB'000
Revenue				
External sales	904,777	740,932	325,436	1,971,145
Results	141,609	199,759	42,640	384,008
Unallocated expenses				(14,938)
Operating profit				369,070
Other income				208,990
Other expenses				(58,959)
Financial cost				(100,778)
Profit before income tax				418,323
Segment assets	1,690,482	988,256	467,156	3,145,894
Unallocated assets				
- Construction in progress				62,353
- Other receivables and prepayments				273
- Cash and bank balances				4,261,919
- Deferred tax assets				6,000
Total assets				7,476,439
Segment liabilities	(200,779)	(39,454)	(85,932)	(326,165)
Unallocated liabilities				
- Other payables and accruals				(214,327)
- Government grants				(18,542)
- Bank term loans				(1,755,220)
- Derivative financial instruments				(286)
- Deferred tax liabilities				(45,000)
Total liabilities				(2,359,540)
Other segment items				
Capital expenditure				
- Property, plant and equipment	181,844	22,390	61,379	265,613*
- Construction in progress	-	-	-	8,329
Depreciation and amortization	59,602	179,404	21,877	260,883

* Including transfer from construction in progress

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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	
	FY2016 RMB'000	FY2015 RMB'000
Overseas based customers:		
America	114,048	169,783
Europe	28,521	37,249
Asia (excluding the PRC) and other regions ⁽¹⁾	164,018	209,267
Subtotal	306,587	416,299
PRC based customers ⁽²⁾	1,515,928	1,554,846
Total revenue	1,822,515	1,971,145

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

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

Non-current assets are mainly based in the PRC.

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\$)	FY2016	FY2015
First and Final Dividend, paid	-	-
Interim Dividend, paid	-	42,144,727

In view of recent market uncertainty and the tightening credit market, the Company has not declared a dividend for FY2016, with a view to strengthening the Company's balance sheet.

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.

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

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

BY ORDER OF THE BOARD

LIN GUO RONG
Chief Executive Officer
11 August 2016