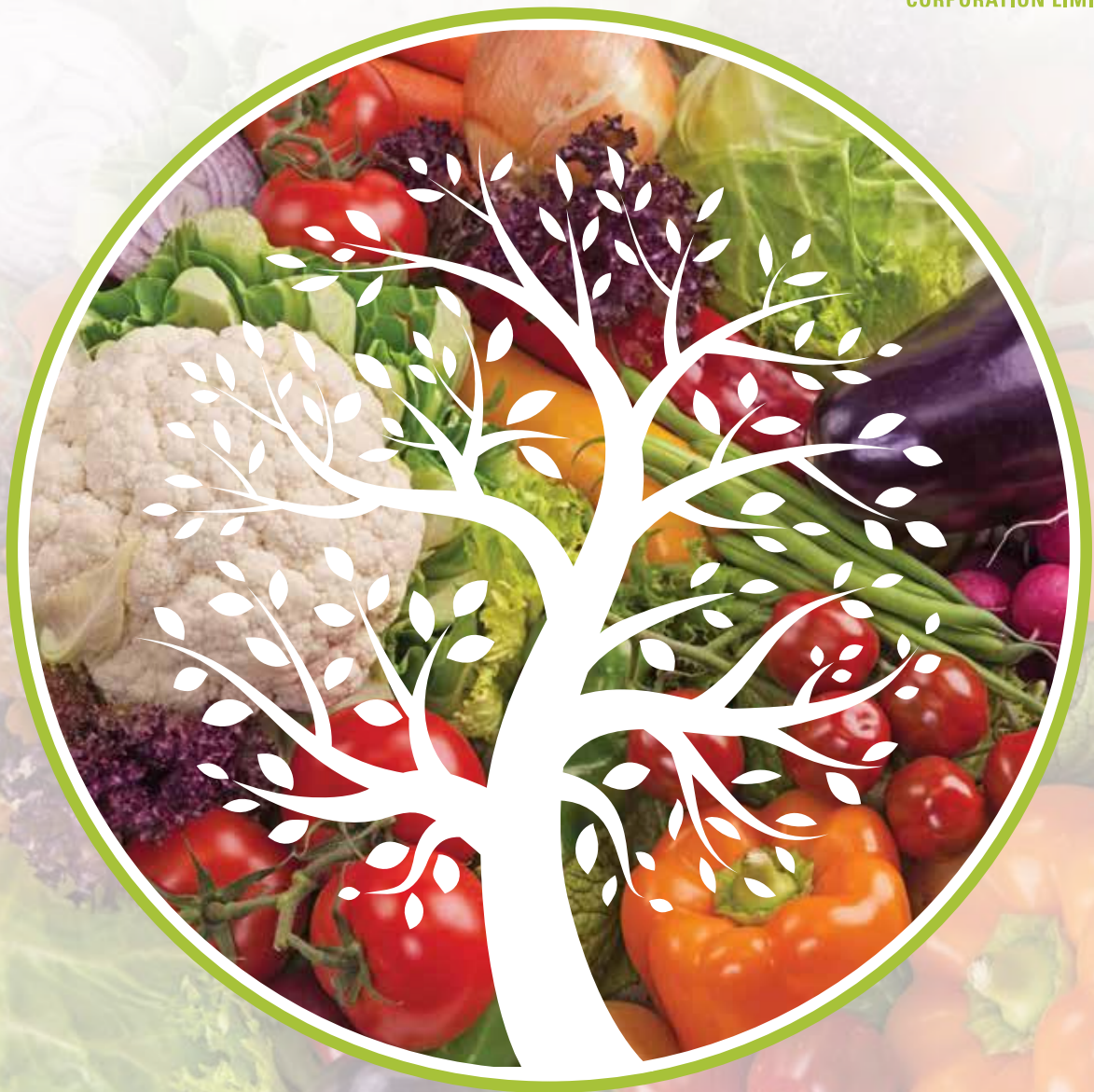




Since 1971

CHINA MINZHONG FOOD
CORPORATION LIMITED



Innovating a New Phase of Growth

ANNUAL REPORT 2013

Vision and Values

Our vision is to be the preferred producer of top quality fresh and processed vegetables globally. We are committed to adopting international standards of management throughout our business and aim to pursue excellence in everything that we do.



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Corporate Profile



Operating since 1971, China Minzhong Food Corporation Limited (“China Minzhong”) is one of the few companies in the People’s Republic of China (“PRC”) that possesses both processing capabilities as well as its own cultivation bases. Headquartered in Putian City, Fujian Province, PRC, China Minzhong has a diversified and complementary product portfolio and is recognised for its product quality and reliability. China Minzhong’s portfolio comprises two key business segments, namely Cultivation and Processing.

Through its decades of experience, China Minzhong has developed an integrated demand-driven operation with wide-ranging cultivation and processing capabilities. China Minzhong manages and plans its cultivation and processing schedules based on advanced sales orders received from its customers. This demand-driven cultivation and production approach not only allows China Minzhong to meet its customers’ requirements and market demand, it also enables the Group to achieve high productive efficiency by ensuring a stable supply of products and establishing better control over costs. This demand-driven integrated business model differentiates China Minzhong from its peers and has helped the Group develop long-term relationships with many of its key customers.

China Minzhong’s global customer base currently spans over 26 countries across four continents. The Group’s strategically located and geographically diversified cultivation bases in seven provinces in the PRC, as well as its network of suppliers of fresh and semi-processed vegetables in 14 provinces throughout the country, enables the Group to employ a seasonally complementary approach to cultivation and leverage on favourable climatic conditions to secure fresh vegetables produce for its processing needs throughout the year. China Minzhong has an extensive processing platform that encompasses

processing methods such as air-drying, freeze-drying, fresh-packing and brining, which allows the Group to offer more than 100 types of processed vegetables to its customers.

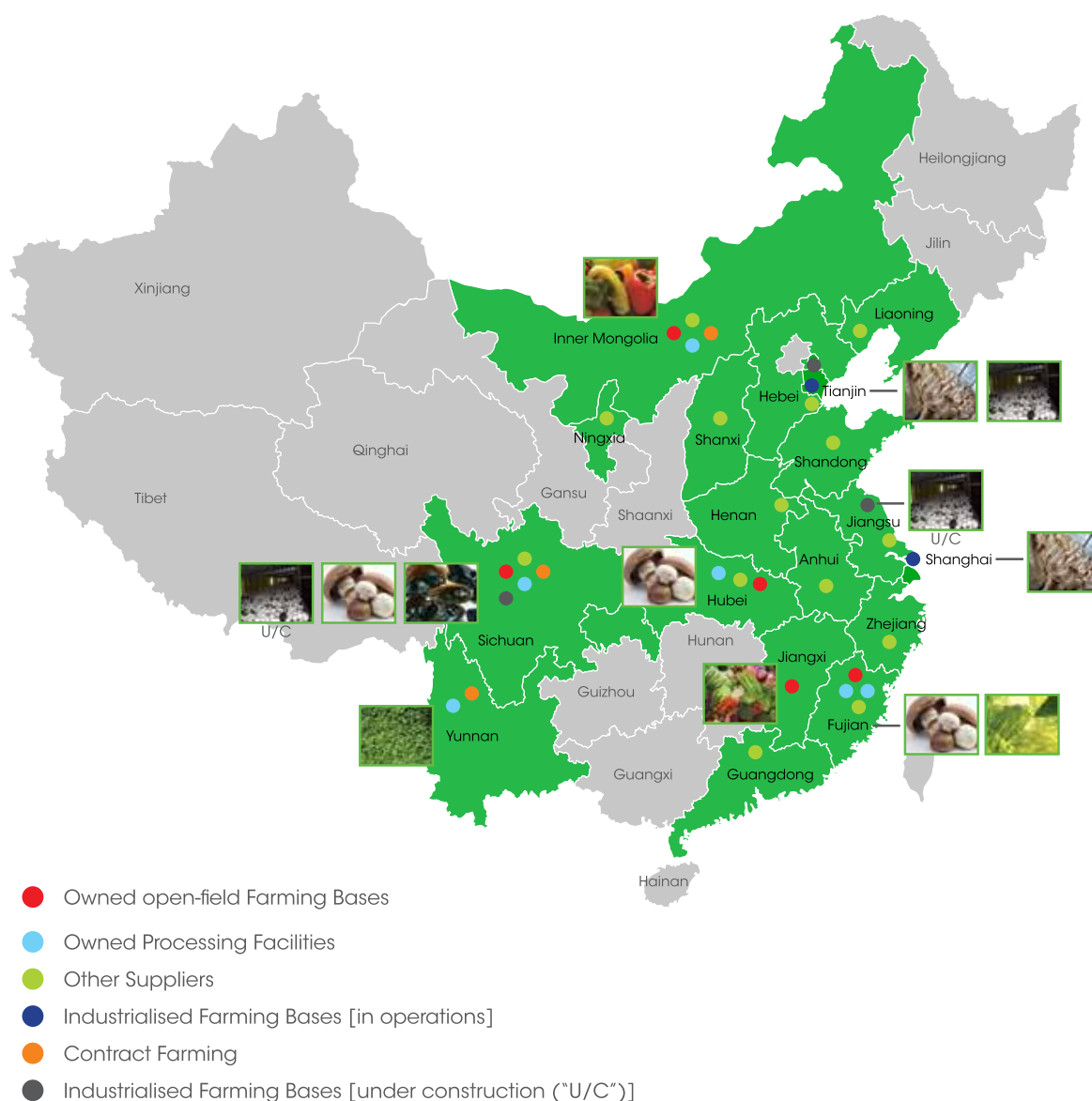
China Minzhong has received numerous international and domestic awards as well as certifications for its quality management system and food safety standards. In 2013, China Minzhong is on Forbes Asia’s 200 Best Under a Billion List. China Minzhong has also been named a “National Leading Dragon Head Enterprise” by the PRC Government since December 2002 in recognition of its status as a leading agricultural enterprise.

The Group is well poised for further growth and success under the helm of a group of experienced industry veterans with over 28 years of experience in their respective fields. In particular, our Executive Chairman and CEO Mr Lin Guo Rong, Chief Operations Officer Mr Wang Da Zhang and Chief Technology Officer Mr Huang Bing Hui have been working together for more than 38 years in our Group and its predecessors and have vast experience in the vegetables cultivation and processing industry.

In 2013, PT Indofood Sukses Makmur Tbk became a majority shareholder of China Minzhong, laying the foundations for strategic business collaborations between the two companies.

Geographically Diversified Operations

Our cultivation and processing operations are geographically diversified across eight provinces. Our network of suppliers spread across 14 provinces in PRC.



Milestones

- | | |
|--|---|
| <p>1971 •Established and begun operations in vegetables processing and export.</p> <p>1985 •Nationalised as a State-Owned Enterprise ("SOE") in PRC.</p> <p>1999 •Introduced freeze-drying, fresh-packing, brining and IQF to the Group's vegetables processing methods to meet customers' needs and widen product range.</p> <p>2002 •Awarded the National Leading Dragon Head Enterprise award (农业产业化国家重点龙头企业) by the Ministry of Agriculture and other government authorities.</p> <p>2004 •Management buyout of Fujian Minzhong Organic Food Co., Ltd. under a government scheme to privatise certain non-core state-owned assets. The Company also raised additional capital of S\$9 million from investors by means of a convertible loan to fund its expansion and became a wholly owned foreign enterprise.</p> <p>2005 •Expanded organic farming business through acquisition of a second organic base in Putian City.
•Set up new processing facility in Yunnan.
•Awarded ISO 9001:2000 Quality Management System Certificate, HACCP-EC-01 (ISODIS22000) Certificate of Food Safety Management System and GB/T:28000 Occupational Health & Safety Management Certificate.</p> <p>2006 •Further diversified geographical presence in China through establishment of cultivation bases in Shanghai, Sichuan and Inner Mongolia.
•HFIL (wholly owned private equity fund managed by CMIA Capital Partners Pte. Ltd.) and Olympus Leaf (wholly owned private equity fund managed by Olympus Capital Holdings Asia) as well as Tetrad Ventures (wholly owned by Government of Singapore Investment Corporation (Ventures) Pte. Ltd.) became shareholders of the Company and also subscribed for redeemable convertible bonds issued by the Company with an aggregate principal amount of US\$23 million for the purpose of funding the Company's expansion within the PRC.</p> | <p>2008 •Set up new cultivation base in Hubei.
•Awarded the ISO14000: Environment Management System Certificate. (环境管理体系认证证书).
•Additional funding from OCBC Capital through a convertible loan of US\$9 million.</p> <p>2009 •Awarded Organic Certification by BCS Oko-Garantie GmbH for bamboo shoots, cauliflowers, tomatoes, shiitake mushrooms, green onions, spring onions, garlic, celery, cabbage and broccoli. Produced in accordance with standards adopted by the European Union.</p> <p>2010 •April – Successfully listed on the Singapore Exchange Mainboard.</p> <p>POST-LISTING</p> <p>2010 •July – Establishment of Tianjin Minzhong for the expansion of king oyster mushroom business.
•August – Started cultivation of black fungus in Sichuan Province.</p> <p>2011 •April – New cultivation base set up in Jiangxi. Achieved doubling of vegetable farmland area since IPO.
•May – Tianjin Minzhong started 1st harvest of king oyster mushrooms.
•December – Official opening of Phase 1 of New Industrial Park processing facilities located in Putian City, Fujian Province.</p> <p>2012 •May – Tianjin Minzhong achieves capacity of 20 tons per day of king oyster mushrooms, ahead of schedule.
•September – Successful certification by U.S. Food and Drug Administration ("FDA").</p> <p>2013 •February - Indonesia's PT Indofood Sukses Makmur Tbk ("Indofood") acquired 29.3% of shareholdings to become single largest shareholder.
•May - Achieved success in the industrialised farming of champignon mushrooms.
•August - Named as one of the companies under Forbes Asia's 200 Best under a Billion List.
•Indofood raised its stake in China Minzhong to 64.2% (as at 3 October 2013) following announcement of general offer on 2 September 2013.</p> |
|--|---|

Letter to Shareholders



“The year in review marked numerous significant corporate milestones for China Minzhong. While some represent the fruits of our labour over the years, others have opened up new opportunities for China Minzhong and its stakeholders.”

Dear Shareholders,

On behalf of the Board of Directors and Management, I am delighted to present to you another record year of financial performance for the 12 months ended 30 June 2013 (“FY2013”). China Minzhong recorded an 11.1% increase in net profit to RMB755.1 million in FY2013, underpinned by a 26.4% growth in revenue to RMB3.2 billion. This is also our 4th consecutive year of record revenue and profit since our listing in 2010.

This record performance was achieved despite a challenging year for the Group, characterised by rising costs in PRC and macroeconomic uncertainties in Europe. More recently, China Minzhong was attacked by a short seller – Glaucus Research Group California, LLC (“Glaucus”) had on 26 August 2013 and 2 September 2013 published reports (“Reports”) regarding certain affairs of the Group. Their initial report on 26 August 2013 had caused a substantial decrease in the share price of the China Minzhong. Glaucus had openly stated that they were short sellers and their intention was to profit from the decline of the China Minzhong’s stock price.

Your Board and management had, on 1 and 3 September 2013, refuted the allegations by Glaucus and believe that the opinions and inferences drawn by Glaucus were reckless and done without due regard to the accuracy of such statements.

The mandatory general offer made by our largest shareholder, PT Indofood Sukses Makmur Tbk (“Indofood”), to acquire all outstanding shares at S\$1.12 per share on 2

September 2013 is an indication of Indofood’s support and confidence in the Company.

Year in Review

The year in review marked numerous significant corporate milestones for China Minzhong. While some represent the fruits of our labour over the years, others have opened up new opportunities for China Minzhong and our stakeholders.

In our previous annual report, we had discussed the rationale and plans to increase our focus on industrialised farming. Besides offering a climate-controlled environment for the cultivation of vegetables all year round, industrialised farming offers an effective solution to cost and production efficiency in the wake of rising wages, land rental and other cost components across PRC. In FY2013, the Group’s industrialised farming capacity (of king oyster mushrooms) increased from 28 tons per day to 38 tons per day. This year, we have also identified two new industrialised farming sites in Yancheng City, Jiangsu Province and Suining City, Sichuan Province to spearhead future growth in the Group’s industrialised farming segment.

This year, we have also achieved success in the cultivation of champignon mushrooms - our key crop by revenue, using industrialised farming methodology. Prior to this, the Group had outsourced much of its champignon mushroom cultivation to contract farmers. Going forward, the increased in-house cultivation of champignon mushrooms via industrialised farming will bring about greater raw

material self-sufficiency for the Group's processing needs, thereby reducing working capital requirements on the back of reduced outsourcing. Our in-house cultivation supply of champignon mushrooms will be channelled to fulfil processed orders during the winter cultivation season and sold fresh to the local markets during the hot summer season to capitalise on the higher selling prices.

On the processing front, we are also pleased to announce the completion of Phase 2 of our New Industrial Park in Putian City, Fujian Province. The New Industrial Park is built on approximately 287 mu of land, and comprises, amongst others, new production facilities (such as air-drying and freeze-drying equipment), warehouses, staff quarters and sterilisation and filtration facilities. The new facilities and additional capacity will provide an engine of future growth for the Group's processed business and also bear testimony to the Group's established and comprehensive processing capabilities.

Outlook

The Board of Directors remains positive on the long term prospects for vegetable demand in PRC and worldwide. This optimism stems from the rising urbanization in PRC as well as global preferences for healthy dietary eating habits. Riding on the wave of rising affluence in PRC, we continue our shift towards higher value products, such as edible fungi. On the overseas front, we are also benefiting from the increasing trend of food manufacturers seeking cost competitive and consistent supply of raw materials for their production.

On the domestic front, labour costs are expected to continue rising and have an impact on our operating costs. In view of this, we will continue to expand our industrialised farming footprint to reduce our reliance on labour. Building on our success in the industrialised farming of champignon mushrooms, we are targeting to increase our cultivation capacity of champignon mushrooms in Tianjin, Jiangsu, and Sichuan. Meanwhile, we will also be on the lookout for new suitable industrialised farming sites in other major cities in PRC and experiment the industrialised farming of other high value crops at the same time.

Investment by Indofood

Indofood became China Minzhong's single largest shareholder when it acquired a 29.3% stake in February 2013. We view Indofood as a strategic shareholder offering new business opportunities to the Group. So far, many opportunities for strategic integration and synergies in the fast growing markets of Indonesia and PRC have been identified. These include leveraging on Indofood's knowledge, expertise and network to further China Minzhong's growth.

On 2 September 2013, PT Indofood launched a mandatory cash offer for the remaining shares of China Minzhong which it did not own, at a price of S\$1.12 per share (the "Offer"). The Offer turned unconditional in all respects on 3 September 2013 in view of Indofood having acquired more than 50% of China Minzhong shares. In the Offer document dated 20 September 2013 from Indofood to China Minzhong's shareholders, Indofood noted the Group's business to be strategically complementary to its business and various opportunities exist for strategic integration and synergies, including cross-selling of existing products and supply chain integration and knowledge transfer to enhance the Group's position and mutual value creation. As at the close of trading on 3 Oct 2013, Indofood has acquired 64.20% of the total issued shares in China Minzhong.

Appreciation

On behalf of the Board of Directors, I would like to take this opportunity to extend my deepest appreciation to Indofood for its unwavering support and all our other valued shareholders for their confidence in us. To reward our shareholders for the fruits of our labor, we are proposing our 1st dividend distribution of S\$0.01 per ordinary share. I would also like to extend my heartfelt appreciation to my fellow Directors on the Board, our management team and staff for their dedicated commitment and unwavering support, especially whilst we had to vigorously defend China Minzhong. In addition, we would also like to thank our customers, suppliers, business associates and other stakeholders in continuing to embrace our vision to be the preferred producer of top quality fresh and vegetables globally.

Lin Guo Rong

Executive Chairman and Chief Executive Officer

Board of Directors



LIN GUO RONG



LEE EDAN KIETCHAI



WANG ANSON



LIM YEOW HUA



HENG HANG SIONG



LIM GEE KIAT

LIN GUO RONG

Executive Chairman and CEO

Lin Guo Rong, Executive Chairman and CEO, is responsible for the overall management and business strategies development of the Group. Mr Lin has been with the Group and its predecessors for more than 38 years and has vast management and operational experience in the vegetables processing business. Mr Lin's visionary leadership and entrepreneurial success have been recognised with numerous awards, including "Top Hundred Entrepreneurs" by the China Media Development Institute and other development institutes; "Top Ten Individuals of the PRC Vegetables Produce Industry" by the PRC Vegetables Industry Professional Committee; "Fujian Province Model Labour" (福建省劳动模范) by the Fujian Province People's Government; and "Putian City Outstanding Entrepreneur" by the Putian Municipal People's Government. Mr Lin has been the vice-chairman of the Fujian Agricultural Industry Dragon Head Enterprise Association since 2003 and has been

appointed a People's Representative of Putian People's Congress since 1987. He was also recognised as a senior economist by the Fujian Province Human Resource Agency in 1997.

LEE EDAN KIETCHAI

Non-Executive Director

Lee Edan Kietchai, Non-Executive Director, is a Managing Director of Olympus Capital Holdings Asia, a private equity investment management firm focused on the middle market in Asia. Mr Lee joined Olympus Capital in 1998 and currently serves as its head of China. He has also held roles in strategy management consulting with McKinsey & Co in the US and Australia and in business development and project management with AES China Generating Co., Ltd in mainland China. Mr Lee graduated with a Bachelor of Arts and a Bachelor of Science degree from Rice University and has a Masters of Business Administration from the Stanford Graduate School of Business.

WANG ANSON

Non-Executive Director

Wang Anson, Non-Executive Director, is the Co-Founder and Managing Partner of CMIA Capital Partners Pte. Ltd. ("CMIA"), a private equity firm focused on middle market, growth capital investment opportunities in China. Mr Wang has over 27 years of experience in private-equity and venture capital, fund management, corporate banking and finance. Prior to founding CMIA, Mr Wang was Regional Managing Director of HSBC Asset Management and was responsible for HSBC's institutional fund management business. Mr Wang was also the founding Chief Executive Officer at State Street Global Advisors (Asia), the fund management arm of the State Street Bank Corporation.

LIM YEOW HUA

Independent Director

Lim Yeow Hua, Independent Director, is currently managing Asia Pacific Business Consultants Pte Ltd, a tax and business consultancy which he founded in 2006. In Mr Lim's more

than 26 years of experience in the tax, financial services and investment banking industries, he has worked for Ernst & Whinney (now known as Ernst & Young LLP), the Inland Revenue Authority of Singapore, Pricewaterhouse (now known as PricewaterhouseCoopers), KPMG, Macquarie Investment Pte Ltd, UOB Asia Limited and BP. Mr Lim holds a Bachelor's degree in Accountancy and Master's Degree in Business Administration from the National University of Singapore. He is a Fellow of the Institute of Certified Public Accounts of Singapore (ICPAS) and a Full Member of the Singapore Institute of Directors.

HENG HANG SIONG

Independent Director

Heng Hang Siong, Independent Director, currently a management consultant. Mr Heng was the Chief Financial Officer of Eu Yan Sang International Ltd and was responsible for the finance, investments, information technology and corporate secretarial

functions of the Eu Yan Sang Group. Mr Heng has extensive financial and operational experience in the banking, manufacturing and trading environment with several multinational and SGX listed companies. Mr Heng graduated with a Bachelor of Business Administration (Finance and Investment Management) from the City University of New York and a Master of Science (Accounting and Information Management) from Pace University, New York. Mr Heng is a fellow member and a Certified Public Accountant with the Institute of Certified Public Accountants of Singapore and the American Institute of Certified Public Accountants and is also a member of the Institute of Management Accountants, Institute of Certified Internal Auditors, a member of Singapore Institute of Directors and council member of the Singapore-Guangdong Collaboration Council. Mr Heng is the winner of the prestigious Best CFO of the Year 2010 Award of the Singapore Corporate Awards.

LIM GEE KIAT

Independent Director

Lim Gee Kiat, Independent Director, is currently the Chief Financial Officer of Nera Telecommunications Ltd. Mr Lim was previously a Vice President at GIC Special Investments Pte Ltd, the private equity investment arm of the Government of Singapore Investment Corporation Pte Ltd. In Mr Lim's extensive work experience spanning more than ten years, he has worked for various companies, including DBS Vickers Securities, Fortune Venture Investment Group and SembCorp Industries. Mr Lim graduated with a Bachelor of Engineering (First Class Honours) in Electrical & Electronics from Nanyang Technological University and has a Masters of Business Administration from Nanyang Business School. Mr Lim is a Certified Public Accountant with the Institute of Certified Public Accountants of Singapore.

PROFILES OF PROPOSED DIRECTORS

Siek Wei Ting

Executive Director

Mr Siek Wei Ting is currently the Chief Financial Officer of China Minzhong. Please refer to page 8 of this Annual Report for Mr Siek's profile.

Hendra Widjaja

Non-Executive Director

Hendra Widjaja has been the Head of Corporate Controller Division of PT Indofood Sukses Makmur Tbk. ("PT Indofood") since 2012. He concurrently serves as Director of PT Indofood CBP Sukses Makmur Tbk., Director of PT Indolacto, and as Commissioner of PT Salim Ivomas Pratama Tbk.. Mr Widjaja is also Commissioner of PT PP London Sumatera Tbk., since 2007 and a Director of Ocean 21 Pte Ltd.

Mr Widjaja has previously held management positions in several operating business units of PT Indofood and served as Director and Chief Financial Officer of PT Indomarco Adi Prima between 2001 and 2002. From 2002 to 2012, Mr Widjaja served as the Deputy Division Head of the Corporate Controller Division of PT Indofood.

Mr Widjaja holds a Bachelor's degree in Management and Finance from the Catholic University of Atma Jaya in Jakarta, Indonesia.

Kasim Rusmin

Alternate Director to Mr Hendra Widjaja

Mr Kasim Rusmin has been the Head of Corporate Treasury Division of PT Indofood since 2012. He is also a Director of PT Asahi Indofood Beverage Makmur and Commissioner of PT Indofood Asahi Sukses Beverage.

Prior to joining PT Indofood, Mr Kasim was a director and Head of Corporate Finance of PT DBS Vickers Securities Indonesia from 2005 until 2009 and he was a director and Head of Corporate Finance of PT ING Securities Indonesia until 2004.

Mr Kasim holds a Master's degree in Business Administration from the University of Portland in Oregon, United State of America and a Bachelor's degree in Finance from the Oregon State University in Oregon, United State of America.

Goh Kian Chee

Independent Non-Executive Director

Mr Goh Kian Chee is presently a Consultant in the National University of Singapore, Centre for the Arts. He is an Independent Director of IndoFood Agri Resources Ltd and AsiaMedic Limited.

Mr Goh started his career in 1979 as an audit trainee with Goldblatt & Co (UK). He joined American International Assurance Pte Ltd in 1981 as an Accounting Supervisor. In 1982, he became a Regional Internal Auditor in Mobil Oil Singapore Pte Ltd and rose to the position of Regional Credit and Insurance Manager in 1987. In 1990, he was transferred to Mobil Petrochemicals International Ltd where he served as Regional Accounting Manager and later, as the Controller of the Asia Pacific region. Before his present role at the National University of Singapore, Mr Goh was the Regional Vice President & Controller as well as an Executive Director of John Hancock International Pte Ltd.

Mr Goh has a Bachelor of Arts (Hons) degree in Accounting and Economics from Middlesex University in the United Kingdom.

Key Management

WANG DAZHANG

Chief Operations Officer

Wang Dazhang, Chief Operations Officer, is responsible for the day-to-day operations of the Group. Mr Wang has been with the Group and its predecessors for more than 38 years and has vast experience in the vegetables processing industry. Mr Wang was appointed as a People's Representative of Putian City Chengxiang District People's Congress from 1992 to 1997 and was awarded "Putian City Model Labour" (莆田市劳动模范) by the Putian City People's Government in 2001.

HUANG BING HUI

Chief Technology Officer

Huang Bing Hui, Chief Technology Officer, is responsible for all technical issues of the Group. He has been with the Group and its predecessors for more than 38 years with vast experience in the technical aspects of vegetable processing.

He started out as a general worker and rose to become the head of the technical department. Mr Huang completed his high school education in the PRC.

SIK WEI TING

Chief Financial Officer

Siek Wei Ting, Chief Financial Officer, joined the Group in 2004 and is responsible for the overall financial and accounting functions of the Group. Mr Siek has over ten years of professional experience in audit and corporate management. He was an audit supervisor at Deloitte & Touche and Ernst & Young, as well as Senior Vice President at Southern Bank Berhad, a leading Malaysian Bank listed on the Kuala Lumpur Stock Exchange, where he was responsible for commercial and retail banking operations. Mr Siek was previously also Chief Executive Officer of EBBIS Pte Ltd. Mr Siek graduated from the Nanyang Technological University of Singapore with a degree in accounting and was awarded the Nanyang Outstanding Young Alumni Award Recipient (2008) by the University for his outstanding career achievements. He is also currently the Vice-Chairman of the Putian South Shaolin Temple Pugilistic Association.

PROFESSOR LIN MEI XI

Head of Processing Technology Team

Professor Lin Mei Xi, Head of Processing Technology Team, is responsible for the research and development activities in the Group. Prior to joining the Group, Professor Lin was the deputy general manager of Putian Food Product Factory, as well as the senior engineer, processing technology manager, and general manager of Fujian Yajun Food Product Industry Co., Ltd. Professor Lin has been a certified senior engineer for more than 20 years and has extensive

experience in food processing research. Professor Lin was appointed as and is currently a visiting professor with the College of Food Sciences of Fujian Agriculture and Forestry University and the College of Biological Science and Technology of Fuzhou University. Professor Lin graduated from Fuzhou University with a degree in Food Product Engineering in 1982.

CHEN JIAN FANG

Head of Cultivation Bases

Chen Jian Fang, Head of Bases and Contract Bases, is responsible for the overall supervision and operations of the Group's Bases and Contract Bases. Mr Chen was certified as an Internal Inspector for China GAP by Sai Fu De (Xiamen) Food Technology Co., Ltd.. Mr Chen graduated from Fujian Agriculture and Forestry University with a degree in Agriculture Conservation.

ZHENG LI XIA

Head of Quality Assurance Department

Zheng Li Xia, Head of Quality Assurance Department, is responsible for leading the Group in HACCP, ISO9001, ISO14001 and OHSAS18001 compliance training activities. Ms Zheng is trained in ISO9001 Quality System Management Standards, ISO14001 and OHSAS18001 and is certified by the China Certification & Inspection Group (Quality Certification Co., Ltd) as a qualified Quality Internal Auditor, State Registered Internal Inspector for both Environment Management System (ISO14001), as well as Occupational Health & Safety Management (OHSAS18001) and Internal Inspector for Quality Management System (ISO9001). Ms Zheng was also certified as an Internal Inspector for ChinaGAP by Sai Fu De (Xiamen) Food Technology Co., Ltd and an Internal Inspector for Onsite Production Management, Quality Inspection and 5S Management by CQCC. Ms Zheng graduated from Fujian Province Xianyou County Education with a high school education and obtained a certificate in Food Inspection (Intermediate level) from Fujian Province Putian City Occupational Skill Examination and Guidance Center.

YU QIU RONG

Head of Sales and Marketing Department

Yu Qiu Rong, Head of Sales and Marketing Department, is responsible for all sales and marketing activities in the Group. Prior to joining the Group, Mr Yu was the supervisor of Fujian Shuang Feng Xue Ye Co., Ltd, as well as the supervisor of Fujian Hua Lun Ying Dyeing Factory in Putian. Mr Yu has a Bachelor of Business degree from Dong Bei Business University.



Investing in
Innovation

Financial Highlights

Income Statement Highlights

(RMB'million)	12 months ended 30 June		
	FY2013	FY2012	% Change
Revenue	3,247.8	2,568.8	26.4%
Processed business ⁽¹⁾	2,086.2	1,584.3	31.7%
Cultivation business ⁽²⁾	1,161.6	984.5	18.0%
Gross Profit	1,115.7	985.9	13.2%
Processed business ⁽¹⁾	591.4	469.1	26.1%
Cultivation business ⁽²⁾	524.3	516.8	1.5%
Gross Margins	34.4%	38.4%	(4.0ppt)
Processed business ⁽¹⁾	28.3%	29.6%	(1.3ppt)
Cultivation business ⁽²⁾	45.1%	52.5%	(7.4ppt)
Profit Before Income Tax	801.9	726.2	10.4%
Net Income	755.1	679.6	11.1%
Net income margin	23.2%	26.5%	(3.3ppt)
EBITDA	1,110.4	962.2	15.4%
EBITDA margin	34.2%	37.5%	(3.3ppt)
Basic earnings per share (RMB)	1.28 ⁽³⁾	1.22 ⁽⁴⁾	4.9%
Diluted earnings per share (RMB)	1.28 ⁽⁵⁾	1.22 ⁽⁴⁾	4.9%

Footnote:

(1) Processed business segment comprises of processed vegetables, IQF processed products, vegetable and fruit beverages and other miscellaneous products.

(2) Cultivation business segment comprises of fresh vegetables produce and mushroom spores.

(3) Based on weighted average number of shares of 590,106,000.

(4) Based on weighted average number of shares of 557,439,000.

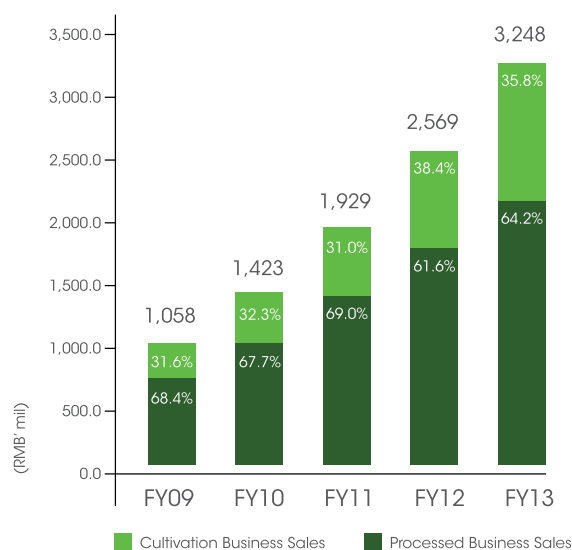
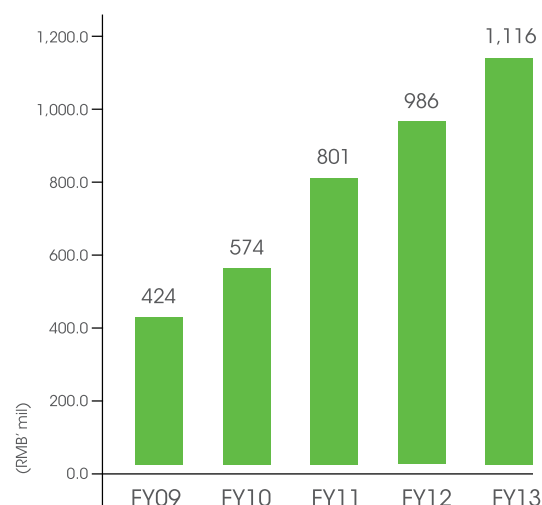
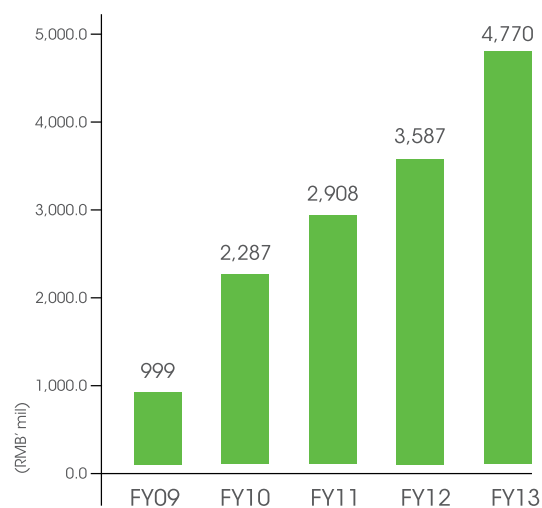
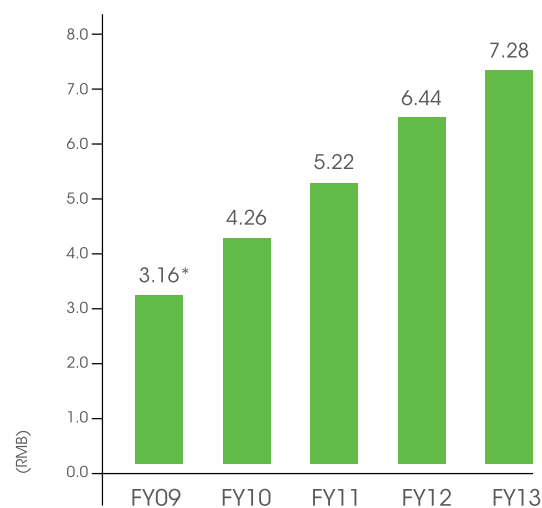
(5) Based on weighted average number of shares of 590,580,000.

Balance Sheet Highlights

(RMB'million)	As at 30 June 2013	As at 30 June 2012	% Change
Total Assets	5,834.9	4,587.5	27.2%
Non-current assets	2,980.7	2,928.3	1.8%
Current assets	2,854.2	1,659.2	72.0%
Total Liabilities	1,064.9	1,000.2	6.5%
Non-current liabilities	24.4	28.6	(14.7%)
Current liabilities	1,040.5	971.6	7.1%
Shareholders' equity	4,770.0	3,587.3	33.0%
Net Assets Value per share (RMB)	7.28	6.44	13.0%

Cash Flow Highlights

(RMB'million)	For full year ended 30 June		
	FY2013	FY2012	% Change
Net cash from operating activities	896.4	359.1	149.6%
Net cash generated used in investing activities	(537.0)	(733.1)	(26.7%)
Net cash generated from financing activities	390.5	255.4	52.9%
Cash and bank balances as stated in the balance sheet	826.4	66.2	1148.3%

Revenue**Gross Profit****Net Profit****Basic Earnings Per Share (EPS)****Shareholders' Equity****Net Asset Value Per Share (NAV)**

* Calculated on a proforma basis for comparative purposes.

Financial and Operations Review

Overview

For the full year ended 30 June 2013, China Minzhong recorded a 11.1% growth in its net profit from RMB679.6 million to RMB755.1 million, on the back of a 26.4% increase in its revenue to RMB3.2 billion. This is the Group's 4th consecutive year of record profit since its listing in 2010.

Income Statement

Revenue contribution by Segment

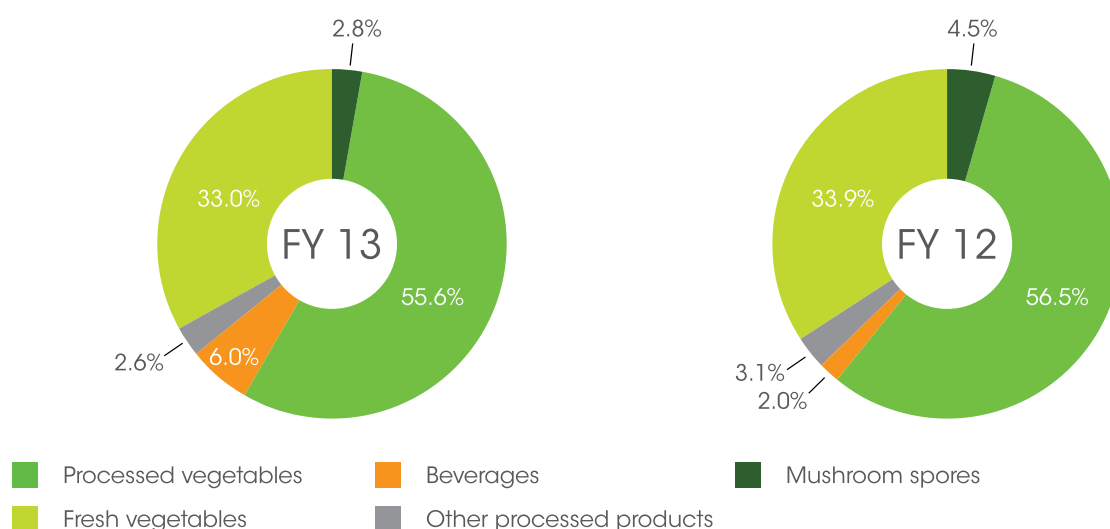
	FY2013 RMB' million	FY2012 RMB' million	% Change
Processed Business Segment:			
- Processed vegetables	1,804.2	1,451.8	24.3%
- Beverages	196.0	51.5	280.6%
- Others ⁽¹⁾	86.0	81.0	6.2%
Subtotal	2,086.2	1,584.3	31.7%
Cultivation Business Segment:			
- Fresh vegetables produce	1,071.0	870.1	23.1%
- Mushroom spores ⁽²⁾	90.6	114.4	(20.8%)
Subtotal	1,161.6	984.5	18.0%
Total revenue	3,247.8	2,568.8	26.4%

Note:

⁽¹⁾ include IQF processed products and other miscellaneous products (such as instant food and health food products)

⁽²⁾ Sales of mushroom spores

Segmental Revenue by Proportion



China Minzhong recorded broad-based revenue growth across both its Processed and Cultivation Business Segments. The Processed Business Segment (comprising of processed vegetables, beverages and other processed products) continued to ride on the steady worldwide demand for processed vegetables products as well as greater

brand awareness of its beverage products domestically. The Cultivation Business Segment (comprising of fresh vegetables produce and mushroom spores) benefited from an increase in domestic demand for vegetables, underpinned by rising urbanisation and preferences for healthy dietary habits.








Revenue from the Processed Business Segment grew 31.7% to RMB2.1 billion, accounting for 64.2% of Group's total sales in FY2013 (FY2012: 61.7%). Revenue from processed vegetables increased 24.3% to RMB1.8 billion, attributable to higher sales for air-dried and fresh-packed products from both existing and new customers in the export markets. On the domestic front, revenue from beverages products jumped 280.6% to RMB196.0 million, on the back of an increase in sales volume arising from growing consumer demand in the PRC market. Sales from other processed products increased moderately by 6.3% compared to the previous financial year.

Revenue from the Cultivation Business Segment increased 18.0% to RMB1.2 billion, accounting for 35.8% of Group's total

sales in FY2013 (FY2012: 38.3%). The improved performance is mainly driven by a 23.1% growth in revenue from fresh vegetables produce, due to an increase in cultivation volume from new productive farmland.

The Group's portfolio of vegetables remains dynamic, capitalising on the latest trends and consumer's preferences. This also bears testimony of the Group's capabilities in cultivating and processing different vegetable species. In FY2013, champignon mushrooms continued to be the Group's key crop by revenue, while its percentage contribution of revenue slipped from 25.3% to 19.7% on the back of other faster growing vegetable types.

	Vegetable Type	% Revenue Contribution (FY13) *	% Revenue Contribution (FY12) *
	Champignon Mushrooms	19.7%	25.3%
	Black Fungus	10.9%	11.7%
	King Oyster Mushrooms	5.0%	4.7%
	Capsicums	<5%	<5%
	Chives	<5%	<5%

(* As a percentage of total revenue less sales of mushroom spores, bamboo related products and branded processed products)

Financial and Operations Review



Gross profit rose 13.2% to RMB1.1 billion, while gross margin slipped 4.0ppt to 34.4% due to overall higher raw material costs and wages compared to the previous financial year. The Cultivation Business Segment was also faced with lower yield from new farmland, which typically takes about 3 years to achieve optimum yield. On a positive note, the beverages segment saw an improvement in gross margin from 14.6% to 27.2%, underpinned by an increase in sales volume resulting in the lowering of manufacturing overheads on a unit basis.

The Group will seek to maximise margins through the continued shift towards higher value products, better economies of scale on new farmland as well as more efficient usage of resources (eg. recycling of mushroom cultivation substrate as fertiliser) and increased mechanisation (for instance, industrialised farming) to mitigate against rising labour costs.

The Group recorded a loss on fair value of biological assets amounting to RMB18.0 million in FY2013. This pertains to the Group's bamboo forest, whose fair value is based on a discounted cash flow (DCF) model over the lease period of the forest. Assuming all other parameters remaining constant, with each successive year, a loss on fair value will be recorded due to natural progression over the remaining lease period. Other income (comprising mainly of government grants received as subsidies for interest expenses and capital expenditures as well as rental income from leasing farmland to third parties) recorded a moderate increase of 1.6% to RMB49.4 million.

Selling & distribution expenses increased by 2.2% to RMB121.4 million, mainly due to an increase in marketing



and advertising expenses related to the promotion of our brand-name domestically. Administrative expenses rose by 26.1% to RMB124.5 million, mainly due to (i) an increase in payroll and professional expenses; (ii) an increase in depreciation expenses allocated for administrative purposes; and (iii) other taxes (such as properties and land use rights taxes), attributable to the Group's business expansion.

Other expenses, comprising mainly the related costs of leasing farmland to third parties, impairment allowances for trade receivables and exchange losses, increased 9.1% to RMB51.4 million. Finance expenses rose 33.6% to RMB47.9 million, due to an increase of average bank borrowings during the financial year to fund the Group's higher working capital requirements.

Profit before income tax increased 10.4% to RMB801.9 million, in tandem with higher gross profit. Income tax expenses remained relatively flat at RMB46.9 million in FY2013, compared to RMB46.6 million in FY2012. Effective tax rate was lower at 5.8% (FY2012: 6.4%) due to a higher proportion of our fresh-packed vegetables sales (currently under processed sales business classification) being tax-exempted in the same way as fresh vegetables produce sales.

Overall, the Group reported a 11.1% growth in net profit to RMB755.1 million, with a net margin of 23.2%. Basic earnings per share rose 4.9% from RMB1.22 in FY2012 to RMB1.28 in FY2013. Earnings before interest, tax, depreciation and amortisation ("EBITDA") increased 15.4% to RMB1.1 billion.

Balance sheet

Total assets increased 27.2% from RMB4.6 billion as at 30 June 2012 to RMB5.8 billion as at 30 June 2013. Non-current assets rose 1.8% to RMB3.0 billion, mainly driven by a 12.9% increase in property, plant and equipment (PPE) to RMB2.1 billion and net of amortisation and depreciation on other non-current assets, such as land use rights, operating lease prepayments and land improvements costs. The increase in PPE is mainly attributed to the addition of new facilities and machinery for Phase 2 of the Industrial Park as well as ongoing construction of new industrialised farming facilities in Jiangsu and Tianjin.

Current assets rose by 72.0% to RMB2.9 billion. Cash and cash balances increased from RMB66.2 million to RMB826.4 million, on the back of higher profits, healthy collection of receivables and gross proceeds of RMB454.8 million from the issuance of new shares to the Group's current major shareholder, PT Indofood Sukses Makmur Tbk ("Indofood"). Meanwhile, trade receivables level also increased 13.5% to RMB1.1 billion, in line with 26.4% sales growth. Other receivables and prepayments, comprising mainly of advances to suppliers for raw material purchases as well as deposits paid for the construction of new industrialised farming facilities, grew from RMB412.2 million to RMB694.0 million.

Total liabilities rose slightly by 6.5% to RMB1.1 billion. Non-current liabilities, comprising of government grants, long term bank loans and deferred tax liabilities, decreased by RMB4.2 million to RMB24.4 million. This is largely attributed to a reclassification of a long term bank loan as a current liability, amortisation of government grants and recognition of deferred tax liabilities. Current liabilities, comprising mainly bank term loans, income liabilities and trade and non-trade payables, increased by 7.1%, mainly due to an increase in trade payables in tandem with revenue growth.

Cash Flow

The Group continued to generate healthy net cash inflow from operating activities in FY2013, with an increase of 149.6% to RMB896.4 million. This increase is underpinned by the Group's higher profits and prompt receivables collection. Net cash used in investing activities decreased from RMB733.1 million in FY2012 to RMB537.0 million in FY2013, as the Group scales back on its capital expenditure plans in FY2013. Net cash from financing activities rose 52.9% to RMB390.5 million, mainly driven by proceeds from the issuance of new shares and an increase in bank borrowings.

As at 30 June 2013, the Group recorded total cash and bank balances amounting to RMB826.4 million, compared to RMB66.2 million in the previous year.

Key Financial Indicators

	For 12 months ended	
	30 Jun 2013	30 Jun 2012
Working Capital Days		
Trade Receivable Turnover Days ^(1a)	116	85
Trade Payable Turnover Days ^(1b)	(44)	(35)
Inventory Turnover Days ^(1c)	21	26
Cash Conversion Days	93	76
Liquidity		
Total Cash and Cash Equivalents (RMB 'mil)	826.4	66.2
Total Debt (RMB 'mil)	635.6	616.2
Net Gearing Ratio ⁽²⁾	Net cash	0.15
Current Ratio ⁽³⁾	2.7	1.7
Shareholder Returns		
ROE ⁽⁴⁾	15.8%	18.9%

Notes:

(1a) Average trade receivables/ revenue x 365 days

(1b) Average trade payables/ cost of goods sold x 365 days

(1c) Average inventory balance/ cost of goods sold for processed products x 365 days

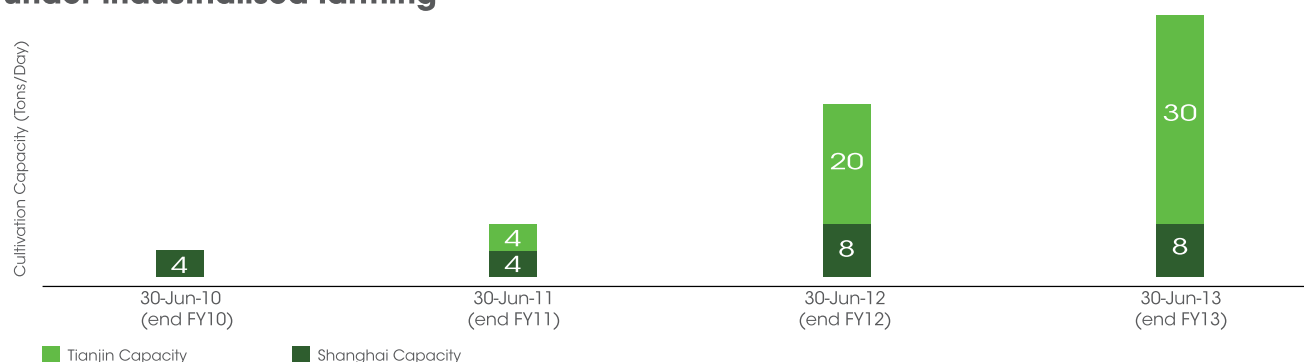
(2) Net Gearing Ratio is calculated by dividing total debt less cash and cash equivalents over equity.

(3) Current Ratio is calculated by dividing current assets over current liabilities.

(4) ROE is calculated by dividing net profit for the 12-month period over equity.

Expanding Industrialised Farming Footprint

Increase in cultivation capacity under industrialised farming



Upcoming developments for industrialised farming

Location	Targeted Capacity	Expected Completion
Tianjin City	35 tons/day (champignon mushrooms)	2QFY14
Jiangsu	25 tons/day (champignon mushrooms)	4QFY14
Sichuan	130 tons/day (champignon mushrooms)	2QFY15

Over the past one year, China Minzhong has further expanded its industrialised farming capacity from 28 tons per day as at end FY2012 to 38 tons per day as at end FY2013. While the current capacity is mainly for the cultivation of king oyster mushrooms, the Group will also be

ramping up its capacity for the cultivation of champignon mushrooms, following successful trials in the industrialised farming of champignon mushrooms earlier this year. In general, industrialised farming facilities can be used with modifications to grow various types of edible fungi.



Industrialised farming of king oyster mushrooms



Industrialised farming of champignon mushrooms

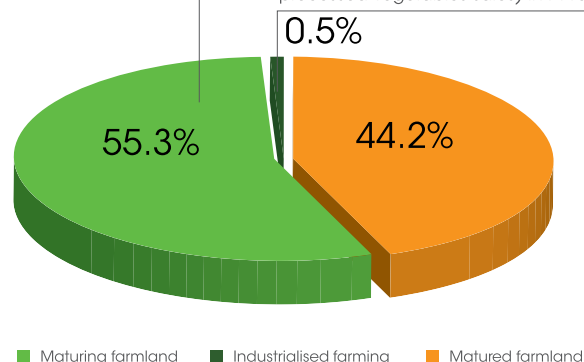
Own Cultivation Area 56,405 mu

1 mu = 666.67 sq m



Approximately 55% of farmland still in maturing phase

Despite accounting for approximately 0.5% of land area, industrialised farming contributed 14% of fresh vegetables sales (5% of total fresh and processed vegetables sales) in FY13

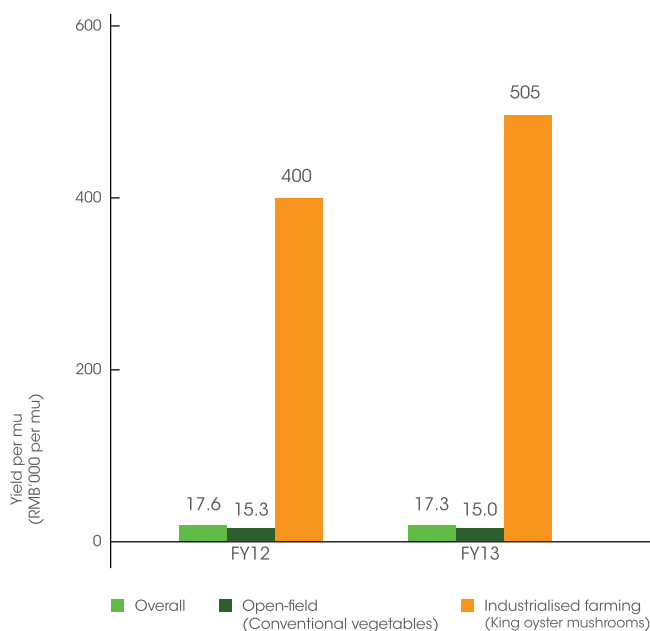
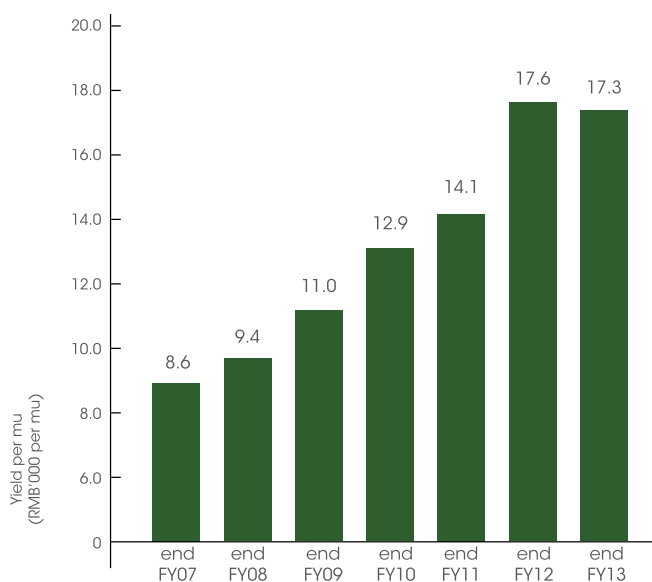


Besides its industrialised farming bases, the Group also currently manages open-field farmland in Fujian, Hubei, Inner Mongolia, Sichuan and Jiangxi. As every plot of farmland is unique, we generally take about 3 years to fine-tune cultivation parameters for each vegetable season to attain optimum yield. New productive farmland added in the 1st year fetches around 60-70% of the optimum yield. This will gradually increase to approximately 80-90% of the optimum yield in the 2nd and 3rd year.

As at end FY2013, approximately 55% of the Group's farmland is still in the maturing phase. The industrialised farming bases in Tianjin and Shanghai accounted for only 0.5% of total farmland but accounted for 14% of the Group's fresh vegetables sales (5% of total fresh and processed vegetables sales) in FY2013, as a result of its high yield.

Comparing revenue yield per mu, conventional open-field farming fetches an average of RMB15,000 per mu per annum while industrialised farming (of king oyster mushrooms) fetches an average revenue yield of RMB505,000 per mu per annum. Note that this comparison is based on different vegetable types.

Overall Yield Per Mu



A photograph of two individuals in a greenhouse setting. They are wearing white protective suits, white caps, and white face masks. The person on the left is holding a blue clipboard and looking at it. The person on the right is wearing white gloves and is examining a green tomato on a vine. The background shows the structure of the greenhouse and more tomato plants.

Cultivating Sustainable Value

Corporate Social Responsibility



Minzhong's farmers with a bountiful harvest



Minzhong Class photo



Artist impression of kindergarten campus (currently in construction) located in Yuanmou County, Yunnan Province

Making a difference to the farmers

For many years, the Group has been bringing about positive changes to the farmers and their families in PRC. The quality of life in these farming communities was raised through higher incomes, increased production efficiency and general improvements in the state of rural infrastructure.

Farmers managed under the Group's cultivation bases stand to benefit from leasing their farmland (or farming rights) to the Group. They also receive wages in return for their labour. In times of good harvests, the Group also made voluntary contributions to infrastructure improvements in the villages, such as road widening and renovation of the villages' schools.

The Group's also enters into agreements with third party farmers to grow vegetables on a seasonal basis for a small portion of our supply needs, based on pre-determined prices. Through such contracts, farmers benefit from the elimination of all market and pricing risks and are assured of a ready buyer for their crops after harvest.

Educating the next generation

The Group recognises the importance of education in the development and progress of any society. This has been the motivation behind the "Minzhong Class" scholarship, which has been helping financially disadvantaged students realise their full potential.

Currently, the scheme is benefiting close to 300 eligible needy students across three academic levels in the top two high schools in Putian City. Besides sponsorship on school fees and accommodation, each student receives RMB2,500 of allowance per annum. During school holidays, students are also encouraged to participate in internship programs with the Company to pick up relevant skill sets. Priorities will also be given to these students should they wish to seek employment with the Company after their graduation. This will also ensure that the Company has access to a ready pool of talents.

Besides the award of bursaries and scholarships, the Company is also involved in other education projects, such as donations for the construction of a school's teaching block in Yuanmou County, Yunnan Province.

Community and Social Involvement

At Minzhong, we believe that a successful enterprise should display a level of social awareness and take responsibility in its social and moral obligations to contribute back to its society. Since its inception, the Minzhong Foundation has made numerous contributions to the society, through charity events, relief donations for natural disasters, funding support for elderly activities and organisation of cultural and community sports activities.

This year, the Company also made donations to the SOS Children's Village in Putian City for the refurbishment of its facilities to create a better living and learning environment for orphans and under-privileged children staying in the village. The Company has also contributed towards the construction of a kindergarten campus in Yuanmou County, Yunnan Province, as part of the Company's efforts to nurture the future generation.

Corporate Information

Board of Directors

Mr. Lin Guo Rong
(Executive Chairman and Chief Executive Officer)
Mr. Lee Edan Kietchai (Non-Executive Director)
Mr. Wang Anson (Non-Executive Director)
Mr. Lim Yeow Hua (Lead Independent Director)
Mr. Lim Gee Kiat (Independent Director)
Mr. Heng Hang Siong (Independent Director)

Audit Committee

Mr. Lim Yeow Hua (Chairman)
Mr. Heng Hang Siong
Mr. Lee Edan Kietchai
Mr. Lim Gee Kiat

Remuneration Committee

Mr. Lim Yeow Hua (Chairman)
Mr. Heng Hang Siong
Mr. Wang Anson

Nominating Committee

Mr. Heng Hang Siong (Chairman)
Mr. Lim Yeow Hua
Mr. Lee Edan Kietchai

Risk Management Committee

Mr. Lim Gee Kiat (Chairman)
Mr. Heng Hang Siong
Mr. Lin Guo Rong

Company Secretary

Mr. Howard Cheam Heng Haw
LLB, Hons

Registered Office

9 Battery Road
#15-01 Straits Trading Building
Singapore 049910
Tel: (65) 6535 3600
Fax: (65) 6225 6846

Singapore Office

229 Mountbatten Road
#02-05 Mountbatten Square
Singapore 398007
Tel: (65) 6346 7506
Fax: (65) 6346 0787

Head Office

552 Ba Er Yi North Street
Changlin Residents' Committee
Licheng District, Putian City
Fujian Province
People's Republic of China

Solicitors

Rajah & Tann LLP
9 Battery Road #25-01
The Straits Trading Building
Singapore 049910

External Auditors

Crowe Horwath First Trust LLP
8 Shenton Way
#05-01 AXA Tower
Singapore 068811

Partner-in-charge: Alfred Cheong Keng Chuan
(Appointed since 2011)

Internal Auditors

Ernst & Young Advisory Pte. Ltd.
One Raffles Quay
North Tower, Level 18
Singapore 048583

Principal Bankers

Overseas-Chinese Banking Corporation Limited
65 Chulia Street
#26-00 OCBC Centre
Singapore 049513

HL Bank, Singapore
20 Collyer Quay
#01-02 Tung Centre
Singapore 049319

OCBC Bank (China) Limited, Xiamen Branch
8 Lu Jiang Dao
23E International Plaza
Xiamen City, 361001
Fujian Province
People's Republic of China

Agricultural Bank of China, Putian Chengxiang Sub-Branch
No. 59 Hou Xiang Road
Putian City, Fujian Province
People's Republic of China

China Construction Bank, Putian Branch
No. 558 Wen Xian Road
Chengxiang District
Putian City, Fujian Province
People's Republic of China

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

A background image showing a bowl of sliced mushrooms on a wooden surface. The mushrooms are white with dark gills, and the bowl is light-colored. The wooden surface has a visible grain.

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Corporate Governance

China Minzhong Food Corporation Limited (the "Company") was listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 15 April 2010.

The Company is committed to ensuring and maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group"). Good corporate governance establishes and maintains a legal and ethical environment, which helps to preserve and enhance the interests of all shareholders.

This report describes the corporate governance framework and practices of the Company with specific reference to the principles of the Singapore Code of Corporate Governance 2005 (the "Code") which forms part of the continuing obligations of the Singapore Exchange Securities Trading Limited ("SGX-ST")'s listing rules. As part of the continuous effect to improve the risk governance framework, the Risk Management Committee was established in September 2012 to oversee the adequacy and effectiveness of the Group's risk management framework and policies.

This Report should be read as a whole, instead of being read separately under the different principles of the Code.

(A) BOARD MATTERS

Board's Conduct of its Affairs

Principle 1 : Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this and the Management remains accountable to the Board.

Role of the Board of Directors ("Board")

The Board assumes responsibility for stewardship of the Group and is primarily responsible for the protection and enhancement of long-term value and returns for the shareholders. It supervises the management of the business and affairs of the Group, provides corporate direction, monitors managerial performance and reviews financial results of the Group. In addition, the Board is directly responsible for decision making in respect of the following matters:

- a. approve the business strategies including significant acquisition and disposal of subsidiaries or assets and liabilities;
- b. approve the annual budgets, major funding proposals, significant capital expenditures and investment and divestment proposals;
- c. approve the release of the Group's quarterly and full year's financial results and interested person transactions;
- d. oversee the processes for risk management, financial reporting and compliance and evaluate the adequacy of internal controls, as may be recommended by the Audit Committee;
- e. review the performance of Management, approve the nominees to the Board of Directors and appointment of key executives, as may be recommended by the Nominating Committee;
- f. review and endorse the framework of remuneration for the Board and key executives, as may be recommended by the Remuneration Committee; and
- g. corporate policies in keeping with good corporate governance and business practice.

The Board provides shareholders with a balanced and understandable assessment of the Group's performance, position and prospects on a quarterly basis.

To assist in the execution of its responsibilities, the Board has established a number of Board committees which include an Audit Committee ("AC"), a Nominating Committee ("NC"), a Remuneration Committee ("RC") and a Risk Management Committee ("RMC"), each of which functions within clearly defined terms of reference and operating procedures which are reviewed on a regular basis.

Corporate Governance

Board Meetings and Meetings of Board Committees

The Board meets on a quarterly basis and whenever necessary for the discharge of their duties. Dates of the Board meetings are normally set by the directors well in advance. Meetings of the Board and Board Committees may be conducted by way of telephone and video conferencing, if necessary. Decisions of the Board and Board Committees may also be obtained through circular resolutions.

The number of meetings held by the Board and Board committees and attendance thereat during the financial year ended 30 June 2013 are as follows:

DIRECTORS	Board		AC		RC		NC		RMC	
	No. of meetings	Attended	No. of meetings	Attended	No. of meetings	Attended	No. of meetings	Attended	No. of meetings	Attended
Lin Guo Rong	4	4	4	4*	2	2*	2	2*	2	2
Lim Gee Kiat	4	4	4	4	2	2*	2	2*	2	2
Lee Edan Kietchai	4	4	4	4	2	2*	2	2	2	2*
Wang Anson	4	4	4	3*	2	2	2	2*	2	2*
Heng Hang Siong	4	4	4	4	2	2	2	2	2	2
Lim Yeow Hua	4	4	4	4	2	2	2	2	2	2*

Note: *attendance by invitation.

Training

The Board will constantly examine its size and, with a view to determining the impact of its number upon effectiveness, decide on what it considers an appropriate size for itself. The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience.

Mr Lim Yeow Hua, a Non-Executive and Independent Director, has prior experience as director of public listed companies in Singapore and is familiar with the roles and responsibilities of a director of a public listed company in Singapore.

The other directors, namely, Mr Lim Gee Kiat, Mr Lee Edan Kietchai, Mr Wang Anson, Mr Heng Hang Siong and Mr Lin Guo Rong (Executive Chairman) have many years of corporate experience and have been acting as our directors since the Company's listing on 15 April 2010, and are familiar with their duties and responsibilities as directors of a company listed on the SGX-ST.

Our directors have always been updated by the Executive Chairman and Chief Executive Officer and/or senior management of the Company on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as directors. Directors also have the opportunity to visit the Group's operational facilities and meet with the management to gain a better understanding of the Group's business operations. The directors are also briefed by professionals either during Board meetings or at separate meetings on regulatory changes which have an important bearing on the Company and the directors' obligations to the Company.

The Company welcomes Directors to seek explanations or clarifications from and/or convene informal discussions with the Management on any aspect of the Group's operations or business. Necessary arrangements will be made for the informal discussions or explanations as and when required.

Corporate Governance

Board Composition and Balance

Principle 2 : There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board consists of six (6) directors of whom three (3) are independent. The list of directors is as follows:

Executive Director(s)

Lin Guo Rong	(Executive Chairman and Chief Executive Officer)
--------------	--

Non-Executive Directors

Lee Edan Kietchai	(Non-Executive and Non-Independent Director)
Wang Anson	(Non-Executive and Non-Independent Director)
Lim Yeow Hua	(Non-Executive and Lead Independent Director)
Heng Hang Siong	(Non-Executive and Independent Director)
Lim Gee Kiat	(Non-Executive and Independent Director)

The size and composition of the Board are reviewed from time to time by the NC to ensure that the size of the Board is conducive to effective discussions and decision making and which is of the view that the current Board size of six (6) directors of which three (3) are independent directors, is appropriate and effective, taking into account the nature and scope of the Company's operations.

The current Board comprises persons with diverse expertise and experience in accounting, business and management, finance and risk management who as a group provide core competencies necessary to meet the Company's requirements. The directors' objective judgement on corporate affairs and collective experience and knowledge are invaluable to the Group and allows for the useful exchange of ideas and views.

Independence of directors

The NC reviews the independence of each director on an annual basis based on the Code's definition of what constitutes an independent director. The NC is of the view that the three (3) independent directors (who represent half of the Board) are independent and that there is a strong and independent element on the Board which is able to exercise objective judgment on corporate matters independently, in particular, from Management, and that no individual or small group of individuals dominate the Board's decision-making process.

Chairman and Chief Executive Officer

Principle 3 : There should be a clear division of responsibilities at the top of the company - the working of the Board and the executive responsibility of the company's business - which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Mr Lin Guo Rong, the founder of the Group, is the Executive Chairman and Chief Executive Officer ("CEO") of the Company. He is responsible for the business direction, long term strategic planning and its overall management and operations of the Group.

He is also responsible for, among others, the exercise of control over quantity, quality and timeliness of the flow of information between the management of the Company and the Board. He, with the assistance of the Company Secretary, schedules Board meetings, oversees the preparation of the agenda for Board meetings and assists in ensuring compliance with the Group's guidelines on corporate governance.

Corporate Governance

Mr Lin together with the management comprising each subsidiary's general managers and key senior managers, are responsible for the day-to-day management of the Group.

Under the Code, companies may appoint an Independent Non-Executive Director to be the lead independent director where the Chairman and CEO is the same person. Accordingly, Mr Lim Yeow Hua was appointed as the Lead Independent Director on 30 June 2009.

Mr Lim Yeow Hua, being the Lead Independent Director of the Company, is available to Shareholders where they have concerns, which contact through the normal channels of the Chairman and CEO has failed to resolve or for which such contact is inappropriate.

Board Membership

Principle 4 : There should be a formal and transparent process for the appointment of new directors to the Board. As a principle of good corporate governance, all directors should be required to submit themselves for re-nomination and re-election at regular intervals.

Currently, the NC comprises of a majority of Non-Executive and Independent directors. It is chaired by Mr Heng Hang Siong (a Non-Executive and Independent director) with the following directors as members:

Lim Yeow Hua	(Non-Executive Independent)
Lee Edan Kietchai	(Non-Executive Non-Independent)

The primary functions of the NC are as follows:

- to identify candidates and review all nominations for the appointment or reappointment of members of the Board, the CEO of the Group, and to determine the selection criteria therefor;
- to ensure that all Board appointees undergo an appropriate induction programme;
- to regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- to identify gaps in the mix of skills, experience and other qualities required in an effective Board and to nominate or recommend suitable candidates to fill these gaps;
- to decide whether a director is able to and has been adequately carrying out his duties as director of the Company, particularly where the director has multiple board representations;
- to review the independence of each director annually;
- to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval; and
- to evaluate the effectiveness of the Board as a whole and assess the contribution by each individual director, to the effectiveness of the Board.

For the year under review, the NC held two (2) meetings.

The directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. Under the Company's existing Articles of Association, one-third of the directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. In reviewing and recommending to the Board the re-nomination and re-election of existing directors, the NC takes into consideration the directors' contribution and performance at Board meetings, including attendance, preparedness, participation and candour.

Corporate Governance

Each member of the NC abstains from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution, in respect of the assessment of his own performance or re-nomination as a director.

The NC is satisfied that sufficient time and attention are being given by the directors to the affairs of the Company and Group, notwithstanding that some of the directors have multiple board representations.

In its search and nomination process for new directors, the NC has, at its disposal, search companies, personal contacts and recommendations, to cast its net as wide as possible for the right candidates.

Key information regarding the directors is set out on pages 6 and 7.

Board Performance

Principle 5 : There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The NC reviews the criteria for evaluating the Board's performance and recommends to the Board a set of objective performance criteria focusing on enhancing long-term shareholders' value. Based on the recommendations of the NC, the Board has established processes for evaluating the effectiveness of the Board as a whole.

The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities, communication with management and standards of conduct of the directors.

In the course of the year, the NC has conducted the assessment by preparing a questionnaire to be completed by each director, of which were then collated and the findings were analyzed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board.

Access to Information

Principle 6 : In order to fulfill their responsibilities, board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

To assist the Board in fulfilling its responsibilities, the management provides the Board with a management report containing complete, adequate and timely information prior to the Board meetings. All directors have separated and independent access to the management, including the Company Secretary at all times. The Company Secretary attends all Board meetings and ensures that Board procedures and all other rules and regulations applicable to the Company are complied with.

Changes to regulations are closely monitored by Management and for changes which have an important bearing on the Company or the Directors' disclosure obligations, the Directors are briefed during Board meetings.

The directors and the chairmen of the respective committees, whether as a group or individually are able to seek independent professional advice as and when necessary in furtherance of their duties at the Company's expense. The appointment of such professional advisor is subject to approval by the Board.

Corporate Governance

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7 : There should be a formal and transparent procedure for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Currently, the RC comprises of a majority of Non-executive and Independent directors. It is chaired by Mr Lim Yeow Hua (Non-Executive and Independent) with the following directors as members:

Heng Hang Siong	(Non-Executive and Independent)
Wang Anson	(Non-Executive and Non-Independent)

The members of the RC have many years of corporate experience and are knowledgeable in the field of executive compensation. In addition, the RC has access to expert professional advice on remuneration matters as and when necessary.

The responsibilities of the RC include the following:

- to review directors' fees to ensure that they are at sufficiently competitive levels;
- to review and approve any proposal relating to and administer the CMZ Employee Share Option Scheme 2010 ("ESOS") for directors, senior management and executives;
- to review and advise the Board on the terms of appointment and remuneration of its members, CEO, key executive officers, senior management of the Group and all managerial staff who are related to any of the directors or the CEO;
- to review the terms of the employment arrangements with management so as to develop consistent group wide employment practices subject to regional differences;
- to recommend to the Board in consultation with senior management and the Chairman of the Board, any long term incentive scheme; and
- to review and approve any proposals or recommendations relating to senior management's remuneration.

For the year under review, the RC held two (2) meetings.

The RC reviews all aspects of remuneration and compensation packages including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind.

No director is involved in determining his own remuneration.

Level and Mix of Remuneration

Principle 8 : The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more for this purpose. A proportion of the remuneration, especially that of executive directors, should be linked to performance.

In setting remuneration packages, the RC takes into consideration the prevailing economic situation, the pay and employment conditions within the industry and in comparable companies. As part of its review, the RC ensures that the performance related elements of remuneration form a significant part of the total remuneration package of executive directors and is designed to align the directors' interests with those of shareholders and link rewards to corporate and individual performance. The RC also reviews all matters concerning the remuneration of non-executive directors to ensure that the remuneration commensurate with the contribution and responsibilities of the directors. The Company submits the quantum of directors' fees of each year to the shareholders for approval at each Annual General Meeting.

Corporate Governance

Non-executive directors have no service contracts. The executive director has service contract and he does not receive directors' fees for the year under review.

Long term incentive scheme

CMZ Employee Share Option Scheme 2010 was implemented on 31 March 2010 as a long-term incentive plan to replace the 2008 Option Scheme, which was implemented in June 2008, for executive directors, non-executive directors and employees based on individual performance. It is administered by the RC. As at the Latest Practicable Date on 19 September 2013, an aggregate of 5,140,000 ESOS options had been granted under the CMZ Employee Share Option Scheme 2010. No options granted under the CMZ Employee Share Option Scheme 2010 have been exercised since implementation.

Details of the ESOS are set out in the Directors' Report and Note 27 to the financial statements.

Disclosure on Remuneration

Principle 9 : Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report.

A breakdown of the remuneration of the directors and the top 7 key executives (who are not also directors) for the financial year ended 30 June 2013 are set out below:

Remuneration of the directors

Remuneration band and names of directors	Salary	Bonus	ESOS	Directors' fees ⁽²⁾	Total
Between S\$500,000 to S\$749,999					
Lin Guo Rong ⁽¹⁾	42%	58%	-	-	100%
Below S\$250,000					
Lim Gee Kiat	-	-	-	100%	100%
Lee Edan Kietchai	-	-	-	100%	100%
Wang Anson	-	-	-	100%	100%
Lim Yeow Hua	-	-	-	100%	100%
Heng Hang Siong	-	-	-	100%	100%

Remuneration of top 7 Key Executives (who are not directors)

Remuneration band and names of key executives (who are not directors)	Salary	Bonus	ESOS	Directors' fees ⁽²⁾	Total
Between S\$500,000 to S\$749,999					
Siek Wei Ting ⁽¹⁾	40%	60%	-	-	100%
Between S\$250,000 to S\$499,999					
Huang Bing Hui ⁽¹⁾	36%	64%	-	-	100%
Wang Dazhang ⁽¹⁾	36%	64%	-	-	100%
Below S\$250,000					
Professor Lin Mei Xi	100%	-	-	-	100%
Chen Jian Fang	100%	-	-	-	100%
Zheng Li Xia	100%	-	-	-	100%
Yu Qiu Rong	100%	-	-	-	100%

⁽¹⁾ These are under the service agreements entered for a period of three years each with effect from the date of listing on 15 April 2010. Thereafter, the service agreements are being renewed on an annual basis.

⁽²⁾ The directors' fees had been approved at the Company's Annual General Meeting held on 25 October 2012.

Corporate Governance

There are no employees of the Group who are immediate family members of a director or the CEO and whose remuneration exceeds S\$150,000 during the financial year ended 30 June 2013.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10 : The Board is accountable to the shareholders while the Management is accountable to the Board.

The Board endeavors to ensure that the annual audited financial statements and quarterly announcements of the Group's results present a balanced and understandable assessment of the Group's position and prospects. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial and other price sensitive information are disseminated to shareholders through announcements via SGXNET.

Audit Committee

Principle 11 : The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC inter alia, oversees the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group. It comprises of majority of Non-Executive and Independent directors which is chaired by Mr Lim Yeow Hua (a Non-Executive and Independent director) with the following directors as members:

Lee Edan Kietchai	(Non-Executive and Non-Independent)
Heng Hang Siong	(Non-Executive and Independent)
Lim Gee Kiat	(Non-Executive and Independent)

All members of the AC have many years of experience in senior management positions in both financial and industrial sectors. The Board is of the view that the AC members, having accounting and related financial management expertise or experience, are appropriately qualified to discharge their responsibilities.

During the past financial year, the AC had held four (4) meetings with the management, two (2) meetings with the external auditors and one (1) meeting with the internal auditors of the Company to discuss and review the following matters:

- the audit plans of the external and internal auditors of the Company, and their reports arising from the audit;
- the adequacy of the assistance and cooperation given by the Company's management to the external and internal auditors;
- the financial statements of the Company and the consolidated financial statements of the Group;
- the quarterly and annual announcement of the results of the Group before submission to the Board for approval;
- the adequacy of the Group's internal controls in respect of the management, business and service systems and practices;
- legal and regulatory matters that may have material impact on the financial statements, compliance policies and programmes and any reports received from regulators;
- the review of product liability insurance coverage annually;
- the cost effectiveness, independence and objectivity of the external auditors;
- the approval of compensation to the external auditors;
- the nature and extent of non-audit services provided by the external auditors;

Corporate Governance

- the recommendation to the Board for the appointment or re-appointment of the internal and external auditors of the Company;
- to report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate; and
- interested person transactions to ensure that the current procedures for monitoring of interested party transactions have been complied with.

In performing its functions, the AC :

- met twice with the external auditors (once without the presence of the Company's management) and once with the internal auditors and reviewed the overall scope of the external and internal audit and the assistance given by the management to the auditors;
- has explicit authority to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices brought to its attention with full access to records, resources and personnel to enable it to discharge its function properly; and
- has full access to and cooperation of the management and full discretion to invite any director or executive officer to attend its meetings.

The external and internal auditors have unrestricted access to the AC.

The AC has undertaken a review of all the non-audit services provided by the external auditors during the year under review and is satisfied that such services would not, in the AC's opinion, affect the independence of the external auditors. The AC recommends to the Board the re-appointment of Messrs Crowe Horwath First Trust LLP as the external auditors of the Company at the forthcoming Annual General Meeting. Pursuant to Rule 1207(6)(c) of the listing manual, the Company confirms that it has complied with Rules 712 and 715 in relation to its external auditors.

The Company has a whistle blowing policy which provides well-defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group. Details of the whistle blowing policy and arrangements have been made available to the employees.

The AC has reviewed on the Company's key financial risk areas and noted that save from the exchange rate differences, the Group has not entered into any financial contracts which will give rise to financial risks.

Risk Management and Internal Controls

Principle 12 : The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Board recognizes the importance of sound internal control and risk management policies and has on 1 September 2012 set up its Risk Management Committee ("RMC"). It is chaired by Mr Lim Gee Kiat (Non-Executive and Independent Director) with the following Directors as members:

Mr Heng Hang Siong	(Non-Executive and Independent)
Mr Lin Guo Rong	(Executive Chairman and Chief Executive Officer)

During the past financial year, the RMC had held two (2) meetings with the management.

The RMC assesses and recommends to the Board on managing the Company's and Group's business and financial risks. The CFO reports directly to the RMC on risk management issues. The RMC is also in the process of setting up its own Risk Management manual.

Corporate Governance

At the Board level, the RMC oversees strategic risk management issues and with the assistance of the Management, reviews the Group's business and operational activities to determine areas of significant business risks as well as appropriate measures to control and mitigate such risks in accordance with the Group's policies and strategies. The RMC sets the limits for various types of risks, such as market, credit, operational, compliance and reputational risks. The RMC also approves new activities that the Company plans to embark on and oversees the risk management practices of the Company.

The Board ensures that the management maintains a sound system of internal controls and effective risk management policies to safeguard the shareholders' investment and the Company's assets with the assistance of the AC and RMC which conducts the reviews.

The Company's internal and external auditors conduct an annual review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk assessment at least annually to ensure the adequacy thereof. This review will be conducted by the Company's internal and external auditors which will then present their findings to the AC. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by the management on the recommendations made by the internal and external auditors in this respect.

Having considered the financial statements audit carried out by the external auditor, the internal controls in place in the Company and the reviews carried out by the internal auditor as well as the AC and RMC, the Board opines that the Company's system of internal controls is adequate to provide reasonable assurance on the integrity and effectiveness of the Company in safeguarding its assets and shareholders' interest, and in against material misstatement, misrepresentation or loss.

The Group financial risk management objectives and policies are discussed under Note 32 of the Notes to the Financial Statements on pages 93 to 101 of the Annual Report.

Internal Audit

Principle 13 : The company should establish an internal audit function that is independent of the activities it audits.

Messrs Ernst & Young Advisory Pte. Ltd. ("EY"), a professional accounting firm has been appointed to carry out the internal audit functions. EY will carry out major internal control checks and compliance tests as instructed by the AC. The AC will review the internal auditors' reports and to ensure that there are adequate internal controls in the Group.

EY reports to the AC on audit matters and reports administratively to the Management. The AC also reviews annually and approves the annual internal audit plans and resources to ensure that EY has the necessary resources to adequately perform its functions.

(D) COMMUNICATION WITH SHAREHOLDERS

Communication with Shareholders

Principle 14 : Companies should engage in regular, effective and fair communication with shareholders.

Principle 15 : Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company believes that a high standard of disclosure is key to raising the level of corporate governance. Quarterly results and news releases are published through the SGXNET. All information of the Company's new initiatives are first disseminated via SGXNET followed by a news release. In addition, the Company also holds analysis briefing of its quarterly and full year results.

Corporate Governance

The Company does not practice selective disclosure. Price sensitive information is publicly released and results and annual reports are announced or issued within the mandatory period and are available on the Company's website. All shareholders of the Company receive the annual report and notice of Annual General Meeting ("AGM"). The notice of AGM is also advertised in the newspaper.

The Company welcomes the views of the shareholders on matters concerning the Company and encourages shareholders' participation at Annual General Meetings. The chairmen of the AC, RMC, NC and RC of the Company are normally present at the general meetings to answer questions from the shareholders. The external auditors will also be present to assist the directors in addressing any relevant queries by shareholders.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

The Company Secretary prepares minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the board and management. These minutes are available to shareholders upon request.

(E) DEALINGS IN SECURITIES

The Company has issued a guideline on share dealings to all directors and employees of the Group which sets out the code of conduct on transactions in the Company's shares by these persons, the implications of insider trading and general guidance on the prohibition against such dealings.

In line with Listing Rule 1207(19) issued by the SGX-ST, the Company issues a notification to all officers of the Company informing them that they should not deal in the securities of the Company during the periods commencing one month before the announcement of the Company's full-year results and two weeks before the Company's quarterly or half-year results until after the announcement. They are also discouraged from dealing in the Company's shares on short term considerations.

The Board confirms that for the financial year ended 30 June 2013, the Company has complied with Listing Rule 1207(19).

(F) INTERESTED PERSON TRANSACTION

As a listed company on the SGX-ST, the Company is required to comply with Chapter 9 of the Listing Manual of the SGX-ST on interested person transactions. To ensure compliance with Chapter 9, the Company has taken the following steps:

- The Board meets to review if the Company will be entering into any interested person transaction. If the Company intends to enter into an interested person transaction, the Board of Directors will ensure that the Company complies with the requisite rules under Chapter 9.
- The AC has met and will meet regularly to review if the Company will be entering into an interested person transaction, and if so, the AC ensures that the relevant rules under Chapter 9 are complied with.

Corporate Governance

Our Chairman and Chief Executive Officer, Lin Guo Rong is currently providing personal guarantees to secure a banking facility extended to our Group, namely our Fujian Minzhong Organic Food Co., Ltd. by Industrial Bank Co. Ltd. Accordingly, the Group's present on-going interested person transactions are set out below:

Expiry date of the guarantee	Amount guaranteed ('million)	Drawdown as of 30.06.2013 ('million)	Lender
30 December 2014	RMB50.0	Nil	Industrial Bank Co. Ltd.
6 March 2016	RMB100.0	Nil	Industrial Bank Co. Ltd.

(G) MATERIAL CONTRACTS

In the Directors' Report and these financial statements, no material contracts to which the Company or any subsidiary, is a party and which involve the interests of the chief executive officer, directors or controlling shareholders, were subsisting at the end of the financial year or entered into since the date of listing of the Company.

Corporate Social Responsibility Report

The Board of Directors of the Company has established a Corporate Social Responsibility Policy which will include the review of the following areas of the Group's activities:

- a. to review and recommend the Group's policy with regards to corporate social responsibility;
- b. to review the Group's environmental policies and standards;
- c. to review the social impact of the Group's business practices in the communities that it operates in;
- d. to review and recommend policies and practices with regard to key stakeholders (suppliers, customers and employees); and
- e. to review and recommend policies and practices with regard to regulators.

Core Values of the CSR Policy

The Company aims to be recognised as an organisation that is transparent and ethical in all its dealings as well as making a positive contribution to the community in which it operates. It is committed to the following core values in all aspects of its work, including the fulfilment of its social responsibility:

- Clear direction and strong leadership;
- Customer focus;
- Respect for people;
- Open communication;
- Working to deliver best value;
- Openness and transparency
- Equality
- Development of positive working relationships with others; and
- Valuing and harnessing the diversity of Company staff.

CSR Strategic

The Company will seek to achieve corporate and social objectives by focusing on four strategic areas:

- Equal Opportunities – emphasising our commitment to the promotion of equal opportunities and to the ethos of hiring based on merits.
- Good Relations – The Company will develop and adopt an employee relations strategy which will be reviewed annually and will be implemented and endorsed through a corporate action plan. The aim of the strategy is to enhance management and employee interactions and address the needs and aspirations of staff through the continuing development of diversity, work-life balance and health and well-being policies and initiatives.
- Community Impact - encouraging and assisting staff to greater involvement in team/individual projects in support of the wider community.
- Environment - further developing environmental management practices that minimise waste and maximise efficiencies.

CSR Activities

Please refer to page 19 of this Annual Report.

Directors' Report

For the Financial Year Ended 30 June 2013

The directors present their report to the members together with the audited financial statements of China Minzhong Food Corporation Limited (the "Company") and subsidiaries (the "Group") for the financial year ended 30 June 2013 and the balance sheet of the Company as at 30 June 2013.

Directors

The directors of the Company in office at the date of this report are as follows:

Lin Guo Rong
Wang Anson
Lee Edan Kietchai
Lim Gee Kiat
Lim Yeow Hua
Heng Hang Siong

Arrangements to enable directors to acquire benefits by means of the acquisition of shares or debentures

Except as disclosed under "Share options" in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register kept by the Company for the purposes of section 164 of the Singapore Companies Act, Cap. 50, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

Direct interest		Deemed interest	
At 1 July 2012	At 30 June 2013	At 1 July 2012	At 30 June 2013

The Company

Ordinary shares

Lin Guo Rong	12,978,000	13,103,000	22,411,297	22,411,297
Wang Anson	-	-	35,792,643	-
Lee Edan Kietchai	-	-	57,231,618	-

Except as disclosed above and those disclosed under share options, no director who held office at the end of the financial year had interests in shares or debentures of the Company or related corporation, either at the beginning of the financial year or at the end of the financial year.

The directors' interests in the ordinary shares of the Company and its related corporations as at 21 July 2013 were the same as those of 30 June 2013.

Directors' Report

For the Financial Year Ended 30 June 2013

Directors' contractual benefits

Under the terms of the service agreements (which is renewed on an annual basis) entered into between the Company and Lin Guo Rong for a period of three years with effect from the date of listing, he is entitled to a stipulated monthly salary. Under the service agreements, he is entitled to a basic bonus and a performance bonus as stipulated, at the end of each completed year of service. The salary of the Executive Director is subject to annual review by the Board of Directors ("Board") and the Remuneration Committee and to be approved by the Board.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in the accompanying financial statements.

Share options

Pursuant to the Board Meeting held on 24 August 2012, the Directors granted 2,678,000 share options of the Company on 4 September 2012 to selected eligible employees of the Group and an Executive Director of the Company to subscribe for 2,678,000 ordinary shares in the Company at an exercise price of S\$0.74 per share, under the CMZ Employee Share Option Scheme 2010 ("Scheme") which was approved on 31 March 2010. Options granted have a term no longer than 3 years, and with 1 year vesting period from grant date. The option holder is not entitled to dividends prior to exercise.

The directors of the Group who receives the share options granted during the financial year are as follows:

	Number of shares under option			Aggregate outstanding as at 30 June 2013
	Aggregate option granted in financial year ended 30 June 2013	Aggregate granted since commencement of Scheme to 30 June 2013	Aggregate exercised since commencement of Scheme to 30 June 2013	
Director of the Company				
Lin Guo Rong	819,000	1,571,000	-	1,571,000
Directors of the subsidiary				
Wang Dazhang	568,000	1,092,000	-	1,092,000
Huang Bing Hui	568,000	1,092,000	-	1,092,000
Siek Wei Ting	723,000	1,385,000	-	1,385,000
	<u>2,678,000</u>	<u>5,140,000</u>	<u>-</u>	<u>5,140,000</u>

2,462,000 share options are exercisable at the exercise price of S\$1.26 per share from 20 September 2012 and expire on 20 September 2014 if the service vesting conditions are met. 2,678,000 share options are exercisable at the exercise price of S\$0.74 per share from 3 September 2013 and expire on 3 September 2015 if the service vesting conditions are met.

No options have been granted to controlling shareholders of the Company or their associates (as defined in the Listing Manual of Singapore Exchange Securities Trading Limited).

Directors' Report

For the Financial Year Ended 30 June 2013

Share options (Continued)

No participant under the Scheme has received 5% or more of the total number of shares under option available under the Scheme.

No options have been granted at a discount during the financial year.

No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporations have been granted.

The Scheme is administered by the Remuneration Committee comprising the following members:

Lim Yeow Hua (Chairman)
Heng Hang Siong
Wang Anson

Audit committee

The members of the Audit Committee at the end of the financial year are as follows:

Lim Yeow Hua (Chairman)
Heng Hang Siong
Lee Edan Kietchai
Lim Gee Kiat

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditors and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditors;
- the periodic results announcements prior to their submission to the Board for approval;
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2013 prior to their submission to the Board of Directors, as well as the independent auditors' report on the balance sheet of the Company and the consolidated financial statements of the Group; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited).

The Audit Committee has recommended to the Board of Directors that the independent auditors, Crowe Horwath First Trust LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. The Audit Committee has conducted an annual review of non-audit services provided by the auditors to satisfy itself that the nature and extent of such services will not affect the independence and objectivity of the external auditors before confirming their re-nomination.

Directors' Report

For the Financial Year Ended 30 June 2013

Audit committee (Continued)

In appointing the external auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 30 June 2013.

Independent auditors

The independent auditors, Crowe Horwath First Trust LLP, have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors

LIN GUO RONG

Director

LIM YEOW HUA

Director

1 October 2013

Statement by Directors

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 42 to 102 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2013 and of the results, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

LIN GUO RONG
Director

LIM YEOW HUA
Director

1 October 2013

Independent Auditors' Report

To the Members of China Minzhong Food Corporation Limited



Crowe Horwath First Trust LLP
Chartered Accountants of Singapore
Member Crowe Horwath International

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Report on the Financial Statements

We have audited the accompanying financial statements of China Minzhong Food Corporation Limited (the "Company") and subsidiaries (collectively, the "Group") set out on pages 42 to 102, which comprise the consolidated balance sheet and the balance sheet of the Company as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Crowe Horwath First Trust LLP (UEN: T08LL1312H) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A).

Independent Auditors' Report

To the Members of China Minzhong Food Corporation Limited

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2013, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Crowe Horwath First Trust LLP

Public Accountants and
Chartered Accountants
Singapore

1 October 2013

Balance Sheets

As at 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

	Note	Group		Company	
		2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
EQUITY					
Share capital and reserves					
Share capital	3	1,503,789	1,072,268	1,503,789	1,072,268
Statutory reserve fund	4	93,995	79,007	-	-
Employees' share option reserve	27	4,629	1,740	4,629	1,740
Translation (deficit) / reserve	30	(677)	6,106	(19,040)	14,932
Retained earnings / (Accumulated losses)	30	3,168,278	2,428,201	(112,078)	(150,052)
TOTAL EQUITY		4,770,014	3,587,322	1,377,300	938,888
ASSETS					
Non-current assets					
Deferred tax assets	18	6,000	6,000	-	-
Property, plant and equipment	5	2,068,503	1,831,968	1,537	-
Land use rights	6	123,740	126,500	-	-
Biological assets	7	150,000	168,000	-	-
Land improvement costs	8	259,721	347,668	-	-
Subsidiaries	9	-	-	1,293,640	919,064
Operating lease prepayments	10	372,782	448,180	-	-
Current assets					
Land use rights	6	2,766	2,757	-	-
Biological assets	7	33,641	34,635	-	-
Inventories	11	69,397	104,125	-	-
Trade receivables	32	1,097,969	967,115	-	-
Due from a subsidiary (non-trade)	14	-	-	86,073	25,567
Operating lease prepayments	10	62,787	67,693	-	-
Tax recoverable		67,191	4,422	297	-
Other receivables and prepayments	12	693,985	412,223	291	364
Cash and bank balances	13	826,431	66,209	16,850	5,286
		2,854,167	1,659,179	103,511	31,217
TOTAL ASSETS		5,834,913	4,587,495	1,398,688	950,281

The accompanying notes are an integral part of the financial statements.

Balance Sheets

As at 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

	Note	Group	Company		
		2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
LIABILITIES					
Current liabilities					
Trade payables		303,698	216,058	-	-
Other payables and accruals	15	97,771	132,145	18,738	11,393
Bank term loans	16	635,646	612,630	-	-
Income tax liabilities		45	7,287	-	-
Government grants	17	3,354	3,501	-	-
		1,040,514	971,621	18,738	11,393
Non-current liabilities					
Bank term loans	16	-	3,555	-	-
Government grants	17	21,735	24,997	-	-
Deferred tax liabilities	18	2,650	-	2,650	-
		24,385	28,552	2,650	-
TOTAL LIABILITIES		1,064,899	1,000,173	21,388	11,393
NET ASSETS		4,770,014	3,587,322	1,377,300	938,888

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

	Note	2013 RMB'000	2012 RMB'000
Revenue	19	3,247,773	2,568,839
Cost of sales		(2,132,115)	(1,582,951)
Gross profit		1,115,658	985,888
Loss on fair value of biological assets less estimated point of sales cost	7	(18,000)	(8,000)
Other income	20	49,389	48,619
Selling and distribution expenses		(121,398)	(118,728)
Administrative expenses		(124,495)	(98,700)
Other expenses	21	(51,354)	(47,081)
Finance cost	22	(47,877)	(35,828)
Profit before income tax	23	801,923	726,170
Income tax	25	(46,858)	(46,589)
Profit for the year		755,065	679,581
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
- Currency translation difference arising from consolidation		(6,783)	(1,686)
Total comprehensive income for the year		748,282	677,895
Earnings per share (RMB)			
Basic	26(a)	1.28	1.22
Diluted	26(b)	1.28	1.22

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

	Share capital RMB'000	Statutory reserve fund RMB'000	Employees' share option reserve RMB'000	Translation reserve / (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
Profit for the year	-	-	-	-	755,065	755,065
Other comprehensive loss, net of tax	-	-	-	(6,783)	-	(6,783)
Total comprehensive income for the year	-	-	-	(6,783)	755,065	748,282
<u>Contributions by and distributions to owners</u>						
Issue of new shares	454,819	-	-	-	-	454,819
Share issuance expenses	(23,298)	-	-	-	-	(23,298)
Appropriation to statutory reserve fund	-	14,988	-	-	(14,988)	-
Grant of employees' share option (Note 27)	-	-	2,889	-	-	2,889
Total contributions by and distributions to owners	431,521	14,988	2,889	-	(14,988)	434,410
Balance at 30.6.2013	<u>1,503,789</u>	<u>93,995</u>	<u>4,629</u>	<u>(677)</u>	<u>3,168,278</u>	<u>4,770,014</u>

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

	Share capital RMB'000	Statutory reserve fund RMB'000	Employees' share option reserve RMB'000	Translation reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1.7.2011	1,072,268	62,497	-	7,792	1,765,130	2,907,687
Profit for the year	-	-	-	-	679,581	679,581
Other comprehensive loss, net of tax	-	-	-	(1,686)	-	(1,686)
Total comprehensive income for the year	-	-	-	(1,686)	679,581	677,895
<u>Contributions by and distributions to owners</u>						
Grant of employees' share option (Note 27)	-	-	1,740	-	-	1,740
Appropriation to statutory reserve fund	-	16,510	-	-	(16,510)	-
Total contributions by and distributions to owners	-	16,510	1,740	-	(16,510)	1,740
Balance at 30.6.2012	<u>1,072,268</u>	<u>79,007</u>	<u>1,740</u>	<u>6,106</u>	<u>2,428,201</u>	<u>3,587,322</u>

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

	2013 RMB'000	2012 RMB'000
Cash flows from operating activities		
Profit before income tax	801,923	726,170
Adjustments for:		
Depreciation of property, plant and equipment	81,012	57,480
Property, plant and equipment written off	376	1,277
Loss on disposal of property, plant and equipment	-	440
Gain on disposal of operating lease prepayments and land improvement costs	(1,170)	-
Amortisation of land use rights	2,751	2,757
Amortisation of land improvement costs	91,823	64,222
Amortisation of operating lease prepayments	67,054	67,693
Other payables written off	(5,220)	(2,359)
Impairment allowance for trade receivables	11,451	16,977
Reversal of allowance for trade receivables	(1,201)	-
Loss on fair value of biological assets less point of sales cost	18,000	8,000
Amortisation of government grants	(7,963)	(12,131)
Interest income	(459)	(353)
Interest expense on bank term loans	47,877	35,828
Employees' share option expense	2,889	1,740
Operating profit before working capital changes	1,109,143	967,741
Inventories	34,728	(50,225)
Biological assets	994	(7,088)
Trade receivables	(141,104)	(754,031)
Other receivables and prepayments	(49,701)	59,408
Trade payables	87,640	131,373
Other payables and accruals	(33,749)	69,973
Cash generated from operations	1,007,951	417,151
Income tax paid	(112,050)	(58,421)
Interest received	459	353
Net cash generated from operating activities	896,360	359,083

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

	2013 RMB'000	2012 RMB'000
Cash flows from investing activities		
Purchase of property, plant and equipment (Note A)	(600,558)	(640,473)
Proceeds from disposal of property, plant and equipment	-	400
Proceeds from disposal of operating lease prepayments and land improvement costs	16,170	-
Addition to land improvement costs (Note A)	(5,626)	(92,156)
Refund from purchase / (purchase) of land use rights	53,000	(908)
Net cash used in investing activities	(537,014)	(733,137)
Cash flows from financing activities		
Proceeds from issuance of new shares	454,819	-
Share issue expense	(23,298)	-
Proceeds from bank term loans	883,800	802,000
Repayment of bank term loans	(864,545)	(513,130)
Government grants received	4,554	26,270
Interest paid	(47,671)	(35,622)
Pledge of bank balances (Note 13)	(17,120)	(24,075)
Net cash generated from financing activities	390,539	255,443
Net increase / (decrease) in cash and cash equivalents	749,885	(118,611)
Cash and cash equivalents at beginning of year	42,134	162,431
Effects of exchange rate changes in cash and cash equivalents	(6,783)	(1,686)
Cash and cash equivalents at end of year (Note 13)	785,236	42,134

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

Note A

	2013 RMB'000	2012 RMB'000
Total additions to property, plant and equipment (Note 5)	317,923	777,637
Less: Increase in outstanding amount included in other payables (Note 15)	(4,596)	(11,121)
Add / (Less): Increase / (Decrease) in amounts prepaid included in prepayments (Note 12)	287,231	(126,043)
Purchase of property, plant and equipment per consolidated statement of cash flows	<u>600,558</u>	<u>640,473</u>
	2013 RMB'000	2012 RMB'000
Total additions to land improvement costs (Note 8)	5,626	196,379
Less: Increase in outstanding amount included in other payables (Note 15)	-	(3,409)
Less: Decrease in amounts prepaid included in prepayments (Note 12)	-	(100,814)
Land improvement costs per consolidated statement of cash flows	<u>5,626</u>	<u>92,156</u>

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

China Minzhong Food Corporation Limited (the "Company") is a limited company domiciled and incorporated in Singapore. The Company was admitted to the official list on the mainboard of the SGX-ST on 15 April 2010. The address of the Company's registered office is located at 9 Battery Road, #15-01 Straits Trading Building, Singapore 049910. The principal place of business of the Company is No. 552, Ba Er Yi North Street, Changlin Residents' Committee, Licheng District, Fujian Province, People's Republic of China ("PRC").

The principal activities of the Company are those of investment holding. The principal activities of the subsidiaries are shown in Note 9 to the financial statements.

The financial statements for the financial year ended 30 June 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 1 October 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS"). The financial statements are presented in Chinese Renminbi ("RMB'000").

The preparation of financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgment or complexity, are disclosed in this Note.

Adoption of new and revised standards

On 1 July 2012, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Revised FRS 19 Employee Benefits	1 January 2013
FRS 113 Fair Value Measurement	1 January 2013
Amendments to FRS 107 <i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Improvements to FRSs 2012	
– Amendment to FRS 1 – <i>Presentation of Financial Statements</i>	1 January 2013
– Amendment to FRS 16 – <i>Property, Plant and Equipment</i>	1 January 2013
– Amendment to FRS 32 – <i>Financial Instruments: Presentation</i>	1 January 2013
Revised FRS 27 <i>Separate Financial Statements</i>	1 January 2014
Revised FRS 28 <i>Investments in Associates and Joint Ventures</i>	1 January 2014
FRS 110 <i>Consolidated Financial Statements</i>	1 January 2014
FRS 111 <i>Joint Arrangements</i>	1 January 2014
FRS 112 <i>Disclosure of Interests in Other Entities</i>	1 January 2014
Amendments to FRS 110, 111 and 112: Transition Guidance	1 January 2014
Amendments to FRS 110, 112 and FRS 27: Investment Entities	1 January 2014
Amendments to FRS 32 – Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 36 – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 39 – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014

Except for the FRS 113 and Improvements to FRSs 2012 – Amendment to FRS 1, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 113 and Improvements to FRSs 2012 – FRS 1 is described below.

FRS 113 Fair Value Measurement

FRS 113 *Fair Value Measurement* provides a single source of guidance for all fair value measurements. FRS 113 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted by FRS. The directors are currently assessing the impact to the financial position and financial performance of the Group.

Improvements to FRSs 2012 - Amendment to FRS 1 - Presentation of Financial Statements

The Amendment clarifies that an entity must include comparative in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. However, unlike the voluntary comparative information, the related notes are not required to accompany the third balance sheet.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Group accounting

Subsidiaries

(a) *Basis of consolidation*

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(b) *Acquisition of businesses*

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Group accounting (Continued)

Subsidiaries (Continued)

(c) *Disposals of subsidiaries or businesses*

The assets and liabilities of the subsidiary, including any goodwill, are derecognised when a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss. Subsequently, the retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Currency translation

(i) **Functional and presentation currency**

The individual financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The Company's functional currency is Singapore dollars. The consolidated financial statements are presented in Chinese Renminbi ("RMB") which is the Group's and the Company's presentation currency as operations denominated in Chinese Renminbi represented a significant portion of the business.

(ii) **Transactions and balances**

Transactions in a currency other than the functional currency ("foreign currency") are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under currency translation reserve in equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Currency translation (Continued)

(iii) Translation of the Group's financial statements

The assets and liabilities of foreign operations are translated into Chinese Renminbi at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss.

Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (see the accounting policy for borrowing costs as set out in this Note). The cost of an item of property, plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of property, plant and equipment is required to be replaced in intervals, the Group recognises such parts as individual assets with specific lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in profit or loss when incurred.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Construction in progress includes all cost of construction and other direct costs. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is reclassified to the appropriate category of property, plant and equipment when complete and ready to use.

Construction in progress is not depreciated. All other items of property, plant and equipment are depreciated using the straight-line method to write-off the cost of the assets less estimated residual value over their estimated useful lives as follows: -

	Useful lives (Years)	Estimated residual value as a percentage of cost (%)
Leasehold buildings	10 to 30	5 to 10%
Plant and machinery	10 to 20	5 to 10%
Motor vehicles	10	5 to 10%
Office equipment	5	5 to 10%

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

The residual value, estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each date of balance sheet to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in profit or loss within "Other expenses, net".

Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised on a straight-line basis over the lease term of 50 years.

Biological assets

Biological assets are the growing crops of the Group on the cultivation bases and bamboo shoots and trees in a bamboo plantation base.

Vegetables are measured at cost less any accumulated impairment losses.

Growing crops on our cultivation bases that are to be harvested within the next 3 to 6 months (i.e. current assets) are stated at cost less any accumulated impairment losses. Cost of the growing crops comprise purchase cost of raw materials accounted for on a weighted average basis, direct labour and an attributable proportion of cultivation overheads based on the volume of crops harvested.

Bamboo shoots and trees under cultivation in the bamboo plantation base (i.e. non-current assets) are measured at fair value less estimated point-of-sale costs on initial recognition and at each balance sheet date. The fair value of biological assets is determined based on the market price with reference to the species, growing condition, cost incurred and expected yield of the crops.

The gain or loss arising on initial recognition of bamboo shoots and trees and fair value less estimated point of sale and from a change in fair value less estimated point of sale costs of bamboo shoots and trees are included in the profit or loss for the period it arises.

Land improvement costs

Land improvement costs pertain to improvement to agricultural land used by the Group. It is stated at cost less any accumulated impairment losses and is amortised on straight-line basis over 5 years over which the Group derives benefits.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating lease prepayments

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecasts calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth years.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit and loss.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

(i) Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. Financial assets are initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and for held-to-maturity investments, re-evaluates this designation at every balance sheet date. As at the balance sheet date, the Group has no financial assets in the category of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets.

(ii) Subsequent measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables comprise cash and cash equivalents, trade and other receivables, including amounts due from related parties.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace concerned.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group assesses at each date whether there is any objective evidence that a financial asset or group of financial assets is impaired and recognised the impairment loss when such evidence exists.

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Raw materials comprise purchase costs accounted for on a weighted average basis. Work-in-progress and finished goods comprise cost of direct materials, direct labour and an attributable proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to be incurred for selling and distribution.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in "other expenses" in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

(ii) Subsequent measurement

Subsequent to initial recognition, financial liabilities except for financial liabilities at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 January 2006, the date of inception is deemed to be 1 January 2006 in accordance with the transitional requirements of INT FRS 104.

(i) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in this Note. Contingent rents are recognised as revenue in the period in which they are earned.

(ii) As lessee

Finance leases, which transfers to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred. Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

(ii) As lessee (Continued)

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Provisions

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Borrowings

Bank term loans are initially recorded at fair value, net of transaction costs incurred and subsequently accounted for at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Bank term loans which are due to be settled within twelve months after the balance sheet date are included in current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other bank term loans due to be settled more than twelve months after the balance sheet date are included in non-current bank term loans in the balance sheet.

Borrowing costs

Borrowing costs incurred to finance the development of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. Other borrowing costs are recognised on a time-proportion basis in the profit or loss using the effective interest method.

The amount of borrowing cost capitalised on that asset is the actual borrowing costs incurred during the period less any investment income on the temporary investment of those borrowings.

Share capital

Proceeds from issuance of ordinary shares are classified as share capital in equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue from sale of fresh vegetable produce, processed products and mushroom spores is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

(ii) Interest income

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

(iii) Rental income

Rental income from sub-leasing is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. The aggregate costs of incentives provide to lessee are recognised as a reduction of rental income over the lease term on a straight-line basis.

Employees' benefits

(i) Retirement benefits

The Group participates in the national schemes as defined by the laws of the countries in which it has operations.

Singapore

The Company makes contribution to the Central Provident Fund (CPF) Scheme in Singapore, a defined contribution pension schemes.

People's Republic of China ("PRC")

The subsidiaries, incorporated and operating in the PRC, is required to provide certain retirement plan contribution to their employees under the existing PRC regulations. Contributions are provided at rates stipulated by the PRC regulations and are managed by government agencies, which are responsible for administering these amounts for the subsidiary's employees.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in the period in which the related service is performed.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employees' benefits (Continued)

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the balance sheet date.

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions, on the date of grant. Non-market vesting conditions are included in the estimation of the number of options under options that are expected to become exercisable on vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date. It recognises the impact of the revision of the original estimates, if any, in the profit or loss, and a corresponding adjustment to the share option reserve over the remaining vesting period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as a result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The share option reserve is transferred to retained earnings upon expiry of the share options.

When the options are exercised, the proceeds received (net of any directly attributable transaction costs) and the related balance previously recognised in the share option reserve are credited to the share capital account, when new ordinary shares are issued.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantively enacted by the balance sheet date in the countries where the Group operates and generates taxable income. Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Value-added-tax ("VAT")

The Group's sales of processed goods in the PRC are subject to VAT at the applicable tax rate of 17% for PRC domestic sales. Input tax on purchases can be deducted from output VAT. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Other receivables" or "Other payables" in the balance sheet. The Group's sales of fresh vegetables, mushroom spores and export sales are not subject to VAT.

Government grants

The Group receives government grants in the form of subsidies and low interest loans for expansion of their production capacity and construction of new factory, purchase of property, plant and equipment used for research and development purposes in developing new products and for attaining product quality awards or other targets.

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all terms and conditions relating to the grants have been complied with. When the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants (Continued)

Where the grant relates to income, the government grant shall be recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

Related parties

A party is considered to be related to the Group if:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a); or
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions, and short term, highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates, assumptions and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) *Biological assets – Bamboo shoots and trees*

The Group determined the fair value of biological assets relating to bamboo shoots and trees using the discounted cash flow method. The key assumptions for the discounted cash flow calculations are those regarding the bamboo plantation growth, bamboo shoot yields, bamboo shoot harvest, discount rates, sale prices of bamboo shoot and tree and cost of harvest and maintenance. The amount of changes in fair value would be different if there are changes to the assumptions used. A decrease in fair value would decrease its carrying value. As of 30 June 2013, the carrying value of biological assets relating to bamboo shoots and trees stated at fair value amounted to approximately RMB150.0 million (2012: RMB168.0 million) (Note 7).

If projected yield or selling price of bamboo products were 5% higher / lower than forecasted in the valuation report, the fair value of the bamboo shoots and trees as at 30 June 2013 would be approximately RMB9.0 million (2012: RMB9.7 million) higher / lower.

If projected discount rate of bamboo products were 1% higher / lower than forecasted in the valuation report, the fair value of the bamboo shoots and trees as at 30 June 2013 would be lower and higher by approximately RMB13.2 million and RMB15.4 million (2012: RMB13.1 million and RMB16.1 million).

(b) *Impairment of trade receivables*

Impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to original term of debts. An assessment is made at each year-end whether there is any indication of impairment or whether there is any indication that an impairment loss previously recognised in prior year may no longer exist or may have decreased. Where the actual results differ from the amounts that were initially assessed, such differences will result in a material adjustment to the carrying amounts of trade receivables within the next financial year. The carrying amount of trade receivables which are past due but not impaired as at 30 June 2013 amounted to approximately RMB345.7 million (2012: RMB269.0 million). If 5% of these debtors defaulted, the Group's allowance for impairment will increase by RMB17.3 million (2012: RMB13.5 million).

(c) *Depreciation of property, plant and equipment*

The cost of property, plant and equipment is depreciated on a straight line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 - 30 years and that the residual value to be 5% - 10% of the cost of these assets. These are common life expectancies and residual value applied in the industry. The carrying amount of the Group's property, plant and equipment subject to depreciation at 30 June 2013 was approximately RMB1,385.8 million (2012: RMB1,230.3 million). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates, assumptions and judgements (Continued)

(d) Income tax

The Group is subject to income taxes in Singapore and PRC. Significant judgment is required in determining the group-wide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The deferred tax liabilities not recognised on the unremitted earnings of the subsidiaries as the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future as per disclosed in note 18.

3. SHARE CAPITAL

	Group and Company			
	No. of ordinary shares		Amount	
	2013 (‘000)	2012 (‘000)	2013 (SGD\$‘000)	2012 (SGD\$‘000)
Issued and fully paid				
At beginning of the year	557,439	557,439	219,629	219,629
Issuance of new shares	98,000	-	89,670	-
Share issuance expenses	-	-	(4,593)	-
At the end of the year	655,439	557,439	304,706	219,629
Total share capital in RMB'000			1,503,789	1,072,268

During the year, the Company issued 98 million new shares for a cash consideration of S\$89.67 million (net of issuance expenses of S\$4.59 million) to PT Indofood Sukses Makmur Tbk for financing of capital expenditure and working capital purposes. The newly issued shares rank pari passu in all respects with previously issued shares.

The holders of the ordinary shares are entitled to receive dividend as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares, which are all fully paid, have no par value.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

4. STATUTORY RESERVE FUND

Statutory reserves fund comprise:

	Percentage of contribution from profit for the year	Group	
		2013 RMB'000	2012 RMB'000
Statutory reserve fund	10%	93,995	79,007

These non-distributable reserves represent amounts set aside in compliance with the local laws in the PRC where the subsidiaries operate. The subsidiary is considered a foreign investment enterprise and the percentage of appropriation from the net profit for the year to the various reserve funds are determined by the Board of Directors of the subsidiary.

In accordance with the Foreign Enterprise Law of the PRC, the subsidiaries, being wholly foreign-owned enterprises (WFOE) are required to make contributions to a statutory reserve fund. At least 10 per cent of the statutory after-tax profits as determined in accordance with the applicable PRC accounting standards and regulations is required to be allocated to the reserve fund. If the cumulative total of the statutory reserve fund reaches 50% of the respective subsidiaries' registered capital, the enterprise will not be required to make any additional contribution.

The non-distributable reserve fund may be used to offset accumulated losses or increase the registered capital of the subsidiary, subject to approval from the relevant PRC authorities and is not available for dividend distribution to the shareholders. The subsidiaries are prohibited from distributing dividends unless the losses (if any) of previous years have been made up.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Construction in progress	Leasehold buildings	Plant and machinery	Motor vehicles	Office equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
As at 1.7.2011	637,614	375,576	201,894	18,195	4,397	1,237,676
Additions	631,217	1,785	142,617	161	1,857	777,637
Disposal / Written off	(1,677)	(533)	-	-	-	(2,210)
Transfers	(665,509)	585,115	79,874	-	520	-
As at 30.6.2012	601,645	961,943	424,385	18,356	6,774	2,013,103
As at 1.7.2012	601,645	961,943	424,385	18,356	6,774	2,013,103
Additions	291,075	5,051	17,171	2,766	1,860	317,923
Written off	-	-	(1,458)	-	-	(1,458)
Transfers	(210,022)	195,332	14,679	-	11	-
As at 30.6.2013	682,698	1,162,326	454,777	21,122	8,645	2,329,568
Accumulated depreciation						
As at 1.7.2011	-	61,506	57,387	2,746	2,109	123,748
Charge for the year	-	31,835	23,143	1,693	809	57,480
Disposal / Written off	-	(93)	-	-	-	(93)
As at 30.6.2012	-	93,248	80,530	4,439	2,918	181,135
As at 1.7.2012	-	93,248	80,530	4,439	2,918	181,135
Charge for the year	-	47,042	31,115	1,772	1,083	81,012
Written off	-	-	(1,082)	-	-	(1,082)
As at 30.6.2013	-	140,290	110,563	6,211	4,001	261,065
Net carrying amount						
As at 30.6.2013	682,698	1,022,036	344,214	14,911	4,644	2,068,503
As at 30.6.2012	601,645	868,695	343,855	13,917	3,856	1,831,968

As at 30 June 2013, leasehold buildings with net carrying amount of approximately RMB56.0 million (2012: RMB49.5 million) were pledged as security for the Group's bank loans (see Note 16).

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

6. LAND USE RIGHTS

Group

	RMB'000
Cost	
As at 1.7.2011	138,112
Additions	908
As at 30.6.2012	139,020
As at 1.7.2012 and 30.6.2013	139,020
Accumulated amortisation	
As at 1.7.2011	7,006
Charge for the year	2,757
As at 30.6.2012	9,763
As at 1.7.2012	9,763
Charge for the year	2,751
As at 30.6.2013	12,514
Net carrying amount	
As at 30.6.2013	126,506
As at 30.6.2012	129,257

The carrying value is analysed as follows:

	Group	
	2013 RMB'000	2012 RMB'000
- Not more than one year, current portion	2,766	2,757
- More than one year but not more than five years	11,064	11,028
- More than five years	112,676	115,472
Non-current portion	123,740	126,500

The Group has land use rights over various plots of state-owned land in the PRC where the Group's PRC operation and storage facilities reside. The land use rights are not transferable and have remaining tenures ranging from 34 to 48 years (2012: 35 to 49 years).

As at 30 June 2013, the land use rights with net carrying amount of approximately RMB7.9 million (2012: RMB2.7 million) were pledged as security for the Group's bank term loans (see Note 16).

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

7. BIOLOGICAL ASSETS

(a) A reconciliation of the carrying amount of biological assets is as follows:

	Group	
	2013 RMB'000	2012 RMB'000
At beginning of year	202,635	203,547
Increase due to plantation	561,819	378,104
Decrease due to harvest (Note 7 (c))	(562,813)	(371,016)
Loss arising from changes in fair value less estimated point-of-sale costs	(18,000)	(8,000)
At end of year	183,641	202,635

(b) The analysis of the above is as follows:

	Group		
	Bamboo shoots and trees RMB'000	Vegetables RMB'000	Total RMB'000
As at 30.6.2012			
Non-current portion	168,000	-	168,000
Current portion	-	34,635	34,635
	168,000	34,635	202,635
As at 30.6.2013			
Non-current portion	150,000	-	150,000
Current portion	-	33,641	33,641
	150,000	33,641	183,641

(c) The quantity and amount of agricultural produce harvested during the year were as follows:

	Group			
	2013 Quantity (tonnes)	2013 RMB'000	2012 Quantity (tonnes)	2012 RMB'000
Vegetables	316,590	545,219	192,020	359,800
Bamboo shoots and trees	19,165	17,594	14,390	11,216
	335,755	562,813	206,410	371,016

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

7. BIOLOGICAL ASSETS (CONTINUED)

(d) Measurement base

Bamboo shoots and trees

In accordance with the valuation report issued by an independent professional valuer, the fair values less estimated point-of-sale costs of the bamboo shoots and trees are determined using the present value of expected future net cash flows from the bamboo shoots and trees discounted at an appropriate discount rate.

Key assumptions used for the discounted cashflow activities:

	Group	
	2013	2012
Discount rate	15%	16%
Long-term growth rate of selling price	2%	2%

The key assumptions used to determining the fair value also includes competitive but stable market conditions and continued acceptability of products sold. Management determined growth rates of selling prices and yield of bamboo based on past performance, its expectations of the market development and inputs from independent experts of bamboo plantations. The discount rates used were pre-tax and reflected specific risks relating the relevant segments.

The estimated sales revenue depends on the market prices of already harvested bamboo trees and bamboo shoots of comparable age and quality in the region where the plantations are located. All costs directly attributable to the sale of bamboo shoots and trees are included in costs to sell such as land rental costs, reclamation costs, harvesting costs and selling costs.

Vegetables

Vegetables are carried at cost less any impairment losses.

Vegetables under cultivation that has not reached the point of being harvested do not have an active market and thus market-determined prices or values are not available for fair value to be measured reliably. In the opinion of the management, estimates of fair value are determined to be unreliable.

(e) Specific risk management strategies

Currently there are no financial derivatives in the PRC to protect the future selling price of bamboo trees, bamboo shoots and vegetables.

The Group has purchased fire insurance for its bamboo plantation for an insured amount of approximately RMB5.2 million (2012: RMB5.2 million).

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

8. LAND IMPROVEMENT COSTS

Group

	RMB'000
Cost	
As at 1.7.2011	301,334
Additions	196,379
Disposal	(281)
As at 30.6.2012	497,432
As at 1.7.2012	497,432
Additions	5,626
Disposal	(15,000)
As at 30.6.2013	488,058
Accumulated amortisation	
As at 1.7.2011	85,823
Charge for the year	64,222
Disposal	(281)
As at 30.6.2012	149,764
As at 1.7.2012	149,764
Charge for the year	91,823
Disposal	(13,250)
As at 30.6.2013	228,337
Net carrying amount	
As at 30.6.2013	259,721
As at 30.6.2012	347,668

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

9. SUBSIDIARIES

	Company	
	2013 RMB'000	2012 RMB'000
Unquoted equity shares, at cost		
At beginning of year	919,064	905,230
Additional investment in a subsidiary	401,764	-
Translation adjustment	(27,188)	13,834
Net carrying amount at end of year	1,293,640	919,064

The details of the subsidiaries are as follows:

Name of Company	Principal activities / Country of incorporation and place of business	Ownership interest and voting power held by the Group	
		2013 %	2012 %
<u>Held by the Company</u>			
Fujian Minzhong Organic Food Co., Ltd ⁽¹⁾	Production and sales of processed vegetables, fruits and vegetable beverages / People’s Republic of China	100	100
Sichuan Minzhong Organic Food Co., Ltd ⁽¹⁾	Cultivation, processing and sales of mushrooms / People’s Republic of China	100	100
Fujian Putian Po Shi Xing Food Co., Ltd ^{(1) (2)}	Cultivation, production and sales of vegetables / People’s Republic of China	100	100
<u>Held by a subsidiary</u>			
Yunnan Yuanmou Minzhong Food Co., Ltd ⁽¹⁾	Cultivation, processing and sales of vegetables / People’s Republic of China	100	100
Inner Mongolia Minzhong Food Co., Ltd ⁽¹⁾	Cultivation, processing and sales of vegetables / People’s Republic of China	100	100
Shanghai Pudong Xing Minzhong Agricultural Products Co., Ltd ⁽¹⁾	Cultivation of vegetables and sales of pre-packaged food / People’s Republic of China	100	100
Putian Licheng Minzhong Agriculture Development Co., Ltd ⁽¹⁾	Cultivation, production and sales of vegetables / People’s Republic of China	100	100

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

9. SUBSIDIARIES (CONTINUED)

Name of Company	Principal activities / Country of incorporation and place of business	Ownership interest and voting power held by the Group	
		2013 %	2012 %
Shanghai Minzhong Organic Food Co., Ltd ⁽¹⁾	Cultivation, production and sales of vegetables / People's Republic of China	100	100
Tianjin Minzhong Ecological Agricultural Development Co., Ltd ⁽¹⁾	Cultivation, production and sales of vegetables / People's Republic of China	100	100
Tianjin Minzhong Organic Food Co., Ltd ⁽¹⁾	Processing and sales of vegetables and other food-related products / People's Republic of China	100	100
Hubei Minzhong Organic Food Co., Ltd ⁽¹⁾	Production and sales of vegetables and other food related products / People's Republic of China	100	100
Jiangsu Minzhong Organic Food Co., Ltd ^{(1) (3)}	Production and sales of edible fungi / People's Republic of China	100	-

⁽¹⁾ Audited by Crowe Horwath First Trust LLP for the purpose of expressing an opinion on the consolidated financial statements.

⁽²⁾ Commenced de-registration during the financial year.

⁽³⁾ Incorporated during the financial year.

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For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

10. OPERATING LEASE PREPAYMENTS

These represent prepayments of long-term leases of cultivation bases and bamboo forest under operating leases. The movements of these operating lease prepayments are summarised as follows:

Group	RMB'000
Cost	
As at 1.7.2011	717,490
Additions	-
As at 30.6.2012	717,490
As at 1.7.2012	717,490
Disposal	(39,358)
As at 30.6.2013	678,132
Accumulated amortisation	
As at 1.7.2011	133,924
Charge for the year	67,693
As at 30.6.2012	201,617
As at 1.7.2012	201,617
Charge for the year	67,054
Disposal	(26,108)
As at 30.6.2013	242,563
Net carrying amount	
As at 30.6.2013	435,569
As at 30.6.2012	515,873

The carrying value is analysed as follows:

	Group	
	2013 RMB'000	2012 RMB'000
Not more than one year, current portion	62,787	67,693
More than one year but not more than five years	230,830	270,772
More than five years	141,952	177,408
Non-current portion	372,782	448,180

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

11. INVENTORIES

	Group	
	2013 RMB'000	2012 RMB'000
At cost		
Raw materials	13,247	31,712
Work-in-progress	33,224	20,109
Finished goods	22,926	52,304
	<u>69,397</u>	<u>104,125</u>

The cost of inventories recognised as an expense and included in "cost of sales" amount to approximately RMB2,093.6 million (2012: RMB1,558.6 million).

12. OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Other receivables ⁽¹⁾	1,774	12,483	136	364
Advances to suppliers	128,111	95,200	-	-
Deposit ⁽²⁾	92,000	145,000	-	-
Prepayments ⁽³⁾	472,100	159,540	155	-
	<u>693,985</u>	<u>412,223</u>	<u>291</u>	<u>364</u>

⁽¹⁾ Other receivables relate mainly to rental receivables amounting to RMB1.6 million (2012: 11.4 million).

⁽²⁾ Deposit paid relates to an amount paid in April 2011 to the Putian City government to secure preferential rights to bid for a piece of land 700mu in size. The Group had aborted this expansion plan and had demanded for refund during the year from the Putian City government. During the year the Putian City government had refunded RMB53 million to the Group. The Group expects to recover the remaining amount within the next 12 months.

⁽³⁾ Prepayments relate mainly to prepayment made to contractors for construction of buildings, fixtures and machinery amounting to RMB423.2 million (2012: RMB136.0 million), that have not yet commenced. Prepayments also include RMB 48.9 million (2012: RMB23.5 million) of amounts prepaid to advertising agents.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

13. CASH AND BANK BALANCES

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the followings:

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Cash and bank balances as stated in the balance sheets	826,431	66,209	16,850	5,286
Less: Cash pledged to notes payable	(41,195)	(24,075)	-	-
Cash and cash equivalents per consolidated statement of cash flows	785,236	42,134	16,850	5,286

RMB41.2 million (2012:RMB24.1 million) cash is pledged to secure RMB188.5 million (2012: RMB110.3 million) of notes payables (included in Trade Payables) issued by Bank of China, Agricultural Bank of China and China Merchants Bank as at 30 June 2013.

As at 30 June 2013, the Group has cash at bank balances deposited with banks in the PRC denominated in RMB amounting to RMB807.5 million (2012: RMB58.0 million). The RMB is not freely convertible into foreign currencies under the PRC Foreign Exchange Control Regulations and Administration of Settlement, sale and payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

14. DUE FROM A SUBSIDIARY (NON-TRADE)

The amount due from a subsidiary is unsecured, interest-free and repayable on demand.

15. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Advances from customers	15,073	24,411	-	-
Other payables ⁽¹⁾	29,627	24,550	-	1,800
Other tax payables ⁽²⁾	2,083	20,536	260	115
Accrued operating expenses	50,988	62,648	18,478	9,478
	97,771	132,145	18,738	11,393

⁽¹⁾ Other payables relate mainly to payables due to contractors for construction of buildings, plant and machinery.

⁽²⁾ Other tax payables relate mainly to construction tax and VAT payable.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

16. BANK TERM LOANS

	Group	
	2013 RMB'000	2012 RMB'000
Non-interest bearing loan, secured	1,915	3,830
Less: Discount implicit in long-term interest free bank term loans (Note 17)	(490)	(980)
Fair value of interest-free bank term loans at inception	1,425	2,850
Add: Amortisation of discount	421	705
Net carrying amount at 30 June	1,846	3,555
Interest bearing loans:		
- Secured	29,800	29,630
- Unsecured	544,000	438,000
- Guaranteed	60,000	145,000
	633,800	612,630
Total bank term loans	635,646	616,185
Less: Current portion	(635,646)	(612,630)
Non-current portion	-	3,555

Interest rates for short-term bank loans range from 5.880% to 8.203% (2012: 6.405% to 9.184%) per annum. Some of the short-term bank loans were secured by the Group's leasehold buildings (Note 5) and land use rights (Note 6).

Non-interest bearing loan of RMB1.915 million (2012: RMB3.83 million) is carried at amortised cost and secured over the Group's leasehold buildings, repayable on 30 October 2013.

Guaranteed loans:

Sichuan Minzhong Organic Food Co., Ltd (a subsidiary of the Company) is providing guarantee for RMB100.0 million banking facility extended to the Group, out of which RMB60.0 million was drawn-down.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

17. GOVERNMENT GRANTS

Group	Deferred income RMB'000	Government grants RMB'000	Total RMB'000
As at 1.7.2011	481	13,878	14,359
Additions	-	26,270	26,270
Amortisation for the year (Note 20)	(206)	(11,925)	(12,131)
As at 30.6.2012	275	28,223	28,498
As at 1.7.2012	275	28,223	28,498
Additions	-	4,554	4,554
Amortisation for the year (Note 20)	(206)	(7,757)	(7,963)
As at 30.6.2013	69	25,020	25,089

The carrying value is analysed as follows:

	Group	
	2013 RMB'000	2012 RMB'000
Not more than one year, current portion	3,354	3,501
More than one year, but not more than five years	11,676	12,192
More than five years	10,059	12,805
Non-current portion	21,735	24,997

The government grants were obtained for the sponsorship of research and development projects, production equipment subsidy and products quality awards. There are no unfulfilled conditions or contingencies attached to these grants. The remaining amortisation period range from 1 to 17 years (2012: 1 to 18 years).

Deferred income represents the discount implicit in the long-term interest free bank term loan (Note 16) carried at amortised cost at effective interest rate of 6.42%. Being an incentive from the government, the amount of discount is treated as a government grants in the form of an interest subsidy. It is amortised over the period of the bank term loan.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

18. DEFERRED TAX ASSETS / (LIABILITIES)

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25% (2012: 25%).

	Group	
	2013 RMB'000	2012 RMB'000
Deferred tax assets:		
- to be recovered within one year	900	900
- to be recovered after one year	5,100	5,100
	<u>6,000</u>	<u>6,000</u>
Deferred tax liabilities:		
- to be settled within one year	<u>(2,650)</u>	<u>-</u>

The movement in the deferred income tax account is as follows:

	Group	
	2013 RMB'000	2012 RMB'000
As at 1 July	6,000	-
(Charged) / Credited to consolidated statement of comprehensive income – profit & loss	<u>(2,650)</u>	<u>6,000</u>
As at 30 June	<u>3,350</u>	<u>6,000</u>
Presented after appropriate offsetting as follows:		
Deferred tax assets	6,000	6,000
Deferred tax liabilities	<u>(2,650)</u>	<u>-</u>
	<u>3,350</u>	<u>6,000</u>

The components and movement of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	Government grants RMB'000	Total RMB'000
Deferred tax assets:		
As at 1 July 2011	-	-
Credited to consolidated statement of comprehensive income – profit & loss (Note 25)	<u>6,000</u>	<u>6,000</u>
As at 30 June 2012 and 30 June 2013	<u>6,000</u>	<u>6,000</u>

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

18. DEFERRED TAX ASSETS / (LIABILITIES) (CONTINUED)

	Dividend withholding tax RMB'000	Total RMB'000
Deferred tax liabilities:		
As at 1 July 2012	-	-
Charged to consolidated statement of comprehensive income – profit & loss (Note 25)	(2,650)	(2,650)
As at 30 June 2013	(2,650)	(2,650)

Temporary differences of RMB3,122.7 million (2012: RMB2,485.8 million) have not been recognised for the withholding and other taxes that will be payable on the earnings of overseas subsidiaries when remitted to the Company. These unremitted earnings are permanently reinvested. The deferred tax liability not recognised for unremitted earnings is estimated to be RMB156.1 million (2012: RMB124.3 million).

19. REVENUE

Revenue represents sales of products received and receivable net of discounts and sales returns.

	Group 2013 RMB'000	2012 RMB'000
Sale of processed vegetables	1,804,232	1,451,770
Sale of fresh vegetables produce	1,070,983	870,176
Beverages ⁽²⁾	195,943	51,501
Mushroom spores ⁽¹⁾	90,556	114,400
Others ⁽²⁾	86,059	80,992
	3,247,773	2,568,839

⁽¹⁾ Part of Fresh vegetables produce segment (Note 31)

⁽²⁾ Part of Branded products segment (Note 31) and it includes Individual Quick Frozen (IQF) processed products, and other miscellaneous products, such as instant food and health food products.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

20. OTHER INCOME

	Group	
	2013 RMB'000	2012 RMB'000
Rental income	33,024	33,459
Government grants (Note 17)	7,963	12,131
Other payables written off	5,220	2,359
Reversal of allowance for doubtful trade receivables	1,201	-
Gain on disposal of operating lease prepayments and land improvement costs	1,170	-
Interest income	459	353
Other income	352	317
	<u>49,389</u>	<u>48,619</u>

21. OTHER EXPENSES

	Group	
	2013 RMB'000	2012 RMB'000
Rental expenses	26,553	27,027
Impairment allowance of trade receivables (Note 32 (iii))	11,451	16,977
Exchange loss, net	7,786	488
Others	4,492	1,179
Loss on disposal of scrap materials	1,072	970
Loss on disposal of property, plant and equipment	-	440
	<u>51,354</u>	<u>47,081</u>

22. FINANCE COST

	Group	
	2013 RMB'000	2012 RMB'000
Interest expenses on bank term loans	<u>47,877</u>	<u>35,828</u>

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

23. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging the following:

	Group	
	2013 RMB'000	2012 RMB'000
Directors' remuneration – Company's directors ⁽¹⁾	4,985	4,759
Amortisation of operating lease prepayments	67,054	67,693
Amortisation of land improvement costs	91,823	64,222
Amortisation of land use rights	2,751	2,757
Research and development costs	1,120	225
Depreciation of property, plant and equipment	81,012	57,480
Loss on disposal of property, plant and equipment	-	440
Audit fees paid to auditors of the Company	1,420	1,410
Non-audit fees paid to auditors of the Company ⁽²⁾	621	13
Staff costs ⁽³⁾ (Note 24)	303,059	230,471

⁽¹⁾ This includes directors' fees to Independent Directors and Non-Executive Directors.

⁽²⁾ This includes amounts paid for quarterly review of financial statements.

⁽³⁾ This includes amounts shown as Directors' remuneration and directors' fees.

24. STAFF COSTS

	Group	
	2013 RMB'000	2012 RMB'000
Salaries, bonuses and allowances ⁽¹⁾	296,300	226,135
Contributions to defined contribution plans	3,870	2,596
Share-based payments (Note 27)	2,889	1,740
	303,059	230,471

⁽¹⁾ This includes directors' remuneration as shown in Note 23.

25. INCOME TAX

	Group	
	2013 RMB'000	2012 RMB'000
Current tax		
- current year	44,208	52,589
Deferred tax		
- current year	2,650	(6,000)
	46,858	46,589

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

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25. INCOME TAX (CONTINUED)

A reconciliation between the income tax expense and the product of accounting profit multiplied by the applicable tax rates for the respective financial year ended 30 June was as follows:

	Group	
	2013 RMB'000	2012 RMB'000
Profit before income tax	801,923	726,170
Tax at the applicable statutory rate of 25% (2012: 25%)	200,481	181,542
Tax effects of:		
Different tax rate in other countries	990	545
Income exempted from tax	(165,791)	(144,310)
Expenses that are not deductible in determining taxable profit	8,528	8,812
Withholding tax on dividend remitted by subsidiary in PRC	2,650	-
Tax expense	46,858	46,589

The Company:

The Company has no taxable income during the financial year (2012: Nil). The statutory income tax rate applicable to the Company is 17% (2012: 17%) for the current financial year ended 30 June 2013.

Subsidiaries:

On 16 March 2007, the National People's Congress promulgated the PRC Enterprise Income Tax Law (the "New Tax Law"), which became effective from 1 January 2008.

- (i) Fujian Minzhong Organic Food Co., Ltd ("Fujian Minzhong")

Fujian Minzhong is subject to Enterprise Income Tax ("EIT") at a standard rate of 25%.

- (ii) Sichuan Minzhong Organic Food Co., Ltd ("Sichuan Minzhong")

Sichuan Minzhong enjoys full exemption of EIT in respect of income generated from cultivation of vegetables.

- (iii) Fujian Putian Po Shi Xing Food Co., Ltd ("Po Shi Xing")

Po Shi Xing is subject to EIT at a standard rate of 25%.

- (iv) Yunnan Yuanmou Minzhong Food Co., Ltd ("Yunnan Minzhong")

Yunnan Minzhong is subjected to EIT at a standard rate of 25% (2012: 7.5% - 25%).

- (v) Inner Mongolia Minzhong Food Co., Ltd ("Neimenggu Minzhong")

Neimenggu Minzhong enjoys full exemption of EIT in respect of income generated from cultivation of vegetables.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

25. INCOME TAX (CONTINUED)

Subsidiaries (Continued):

- (vi) Shanghai Pudong Xing Minzhong Agricultural Products Co., Ltd ("Shanghai Base")

Shanghai Base enjoys full exemption of EIT in respect of income generated from cultivation of vegetables and collection of forest products.

- (vii) Shanghai Minzhong Organic Food Co., Ltd ("Shanghai Minzhong")

Shanghai Minzhong enjoys full exemption of EIT in respect of income generated from cultivation of vegetables and collection of forest products.

- (viii) Putian Licheng Minzhong Agriculture Development Co., Ltd ("Putian Licheng")

Putian Licheng enjoys full exemption of EIT in respect of income generated from cultivation of vegetables and collection of forest products.

- (ix) Tianjin Minzhong Ecological Agricultural Development Co., Ltd ("Tianjin Eco")

Tianjin Eco enjoys full exemption of EIT in respect of income generated from cultivation of vegetables and collection of forest products.

- (x) Hubei Minzhong Organic Food Co., Ltd ("Hubei Minzhong")

Hubei Minzhong is subject to EIT at a standard rate of 25%.

- (xi) Tianjin Minzhong Organic Food Co., Ltd ("Tianjin Minzhong")

Tianjin Minzhong is subject to EIT at a standard rate of 25%.

26. EARNINGS PER SHARE

- (a) Basic earnings per share

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

	2013	2012
Net profit attributable to equity holders of the Company (RMB'000)	755,065	679,581
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	590,106	557,439
Basic earnings per share (RMB per share)	1.28	1.22

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26. EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the 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.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) since the grant of the dilutive options for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

	2013	2012
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	590,580	557,439
Diluted earnings per share (RMB per share)	1.28	1.22

27. EMPLOYEES' SHARE OPTION RESERVE

Pursuant to the Board Meeting held on 24 August 2012, the Directors granted 2,678,000 share options of the Company on 4 September 2012 to selected eligible employees of the Group and an Executive Director of the Company to subscribe for 2,678,000 ordinary shares in the Company at an exercise price of S\$0.74 per share, under the CMZ Employee Share Option Scheme 2010 ("Scheme") which was approved on 31 March 2010. Options granted have a term 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 Option Pricing Model.

The following assumptions were taken into consideration when using the model to compute the total fair value of the options granted, under the Scheme, during the financial year 2013:

(1) Current share value as at grant date

The current share value as at grant date was S\$0.72 based on the Company's closing share price listed on Singapore Exchange Securities ("SGX").

(2) Expected life of options

The expected life of options is defined as the period from the time of grant to the time when the options are exercised. The Scheme has specified that holders of the options are to exercise their options by 3 September 2015 and therefore the expected life of options is assumed to be 3 years.

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27. EMPLOYEES' SHARE OPTION RESERVE (CONTINUED)

(3) Expected volatility

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The volatility index was 56.51% based on the volatility index of the Company as at grant date.

(4) Expected dividend

If employees were granted options and are entitled to dividends on the underlying shares between grant date and exercise date, the options granted should be valued as if no dividends will be paid on the underlying shares.

Conversely, if the employees are not entitled to dividends or dividend equivalents during the vesting period or before exercise, the grant date valuation of the options should take expected dividends into account. When the fair value of a share granted is estimated, that valuation should be reduced by the present value of dividends expected to be paid during the vesting period.

The Company has not declared any dividends in the past and hence, dividend yield is assumed to be zero for the purpose of computation.

(5) Risk-free interest rates

The Black-Scholes-Merton model assumes that the interest rate is to be constant and risk free. Given that the expected life of the options is 3 years, the risk-free rate is assumed to be the latest available yield rate of 0.21% of a 2-year Singapore government bond as there is no such bond with a 3-years maturity.

The Company has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of options at the end of the financial year are as follows:

	2013 No. of options	2012 No. of options
Outstanding at beginning of year	2,462,000	-
Granted during the year	2,678,000	2,462,000
Outstanding at end of year	5,140,000	2,462,000

None of the options granted under the CMZ Employee Share Option Scheme 2010 have been exercised as at 30 June 2013.

Employee share options represent the equity-settled share option granted to employees and executive director of the Group, the details of which are disclosed in the directors' report. The reserve is made up of the cumulative value of services received from employee and executive directors recorded over the vesting period commencing from the grant date of share options, and is reduced by the expiry or exercise of the share options.

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27. EMPLOYEES' SHARE OPTION RESERVE (CONTINUED)

Movements in the number of share options outstanding at the end of the financial year and their exercise prices are as follows:

	Group and Company			
	2013		2012	
	No. of Shares	Weighted average exercise price (\$\$)	No. of Shares	Weighted average exercise price (\$\$)
<u>Number of outstanding share options</u>				
At beginning of the year	2,462,000	1.26	-	-
Granted during the year	2,678,000	0.74	2,462,000	1.26
At end of year	5,140,000		2,462,000	

Terms of the share options outstanding as at end of year:

Expiry date	Exercise price (\$\$)		Number of options	
	2013	2012	2013	2012
20 September 2014	1.26	1.26	2,462,000	2,462,000
3 September 2015	0.74	-	2,678,000	-
			5,140,000	2,462,000

28. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group also had significant transactions with related parties on terms agreed between the parties as follows:

Compensation of key management personnel

	Group	
	2013 RMB'000	2012 RMB'000
Short-term employee benefits		
– Salaries and allowances	4,448	4,222
– Performance bonus	3,611	4,677
Share-based payments	2,889	1,740
Total	10,948	10,639

Included in the above is total compensation to an Executive Director of the Company amounting to approximately RMB3.2 million (2012: RMB3.1 million), which includes the value of the share-based payments accrued to the Executive Director.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

29. COMMITMENTS AND CONTINGENCIES

(i) Non-cancellable operating lease commitments

As at 30 June 2013, the Group has operating lease agreements for farmlands located in Fujian Province, Sichuan Province, Yunnan Province, Inner Mongolia, Shanghai, Hubei, Tianjin and Jiangxi Province. The leases have remaining lease term ranging from 1 to 39 years (2012: 2 to 40 years). Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Operating lease commitments – where the Group is a lessee

	Group	
	2013 RMB'000	2012 RMB'000
Not later than 1 year	-	12,408
2 years through 5 years	26,450	26,450
More than 5 years	67,490	67,490
	93,940	106,348

The lease term as a lessor have remaining terms ranging from 1 to 8 years (2012: 1 to 9 years).

Operating lease commitments – where the Group is a lessor

	Group	
	2013 RMB'000	2012 RMB'000
Not later than 1 year	24,635	33,309
2 years through 5 years	55,236	83,847
More than 5 years	16,378	24,758
	96,249	141,914

The lease receivable is the rental generated from the Group's leased lands which were on lease to third parties for plantation of vegetables.

(ii) Capital commitments

	Group	
	2013 RMB'000	2012 RMB'000
Capital expenditure contracted for as at the balance sheet date but not provided for in the financial statements		
- commitments in respect of property, plant and equipment and land improvement costs	297,030	140,088

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

30. ACCUMULATED LOSSES / TRANSLATION (DEFICIT) / RESERVE

	Company	
	2013 RMB'000	2012 RMB'000
Accumulated losses:		
At the beginning of the year	(150,052)	(133,719)
Total profit / (loss) for the year	37,974	(16,333)
At the end of the year	(112,078)	(150,052)
Translation (deficit) / reserve:		
At the beginning of the year	14,932	2,784
Other comprehensive (loss) / income	(33,972)	12,148
At the end of the year	(19,040)	14,932

The translation deficit / reserve represents exchange difference arising from the translation of the Company's financial statements whose functional currency is Singapore Dollars.

31. SEGMENT INFORMATION

Operating segments

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, identified as a reportable segment in the current financial year separate from processed vegetable and fresh vegetables segments in line with the Group's expansion and diversification plan. Corresponding figures for 2012 are restated accordingly.

(i) Operating segments

Inter-segment pricing is on arm's length basis. 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.

(ii) 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 property, plant and equipment are based on the location of those assets.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

31. SEGMENT INFORMATION (CONTINUED)

2013	Processed vegetables RMB'000	Fresh vegetables produces RMB'000	Branded products RMB'000	Group RMB'000
Revenue				
External sales	1,804,232	1,161,539	282,002	3,247,773
Results	359,910	502,193	19,636	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)
Finance cost				(47,877)
Profit before income tax				801,923
Segment assets	2,167,516	2,349,628	489,212	5,006,356
Unallocated assets				1,537
- Property, plant and equipment				826,431
- Cash and bank balances				589
- Other receivables and prepayments				
Total assets				5,834,913
Segment liabilities	(321,678)	(52,198)	(36,107)	(409,983)
Unallocated liabilities				(19,270)
- Other payables and accruals				(635,646)
- Bank term loans				
Total liabilities				(1,064,899)
Other segment items				
Capital expenditure				
- Property, plant and equipment	72,768	443,138	84,652	600,558
- Land improvement costs	-	5,626	-	5,626
Depreciation and amortisation	51,109	180,545	10,986	242,640
Impairment allowance of trade receivables	11,451	-	-	11,451

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

31. SEGMENT INFORMATION (CONTINUED)

2012 (Restated)	Processed vegetables RMB'000	Fresh vegetables produces RMB'000	Branded products RMB'000	Group RMB'000
Revenue				
External sales	1,451,770	984,576	132,493	2,568,839
Results	288,156	487,062	(15,239)	759,979
Unallocated expenses				(8,496)
Operating profit				751,483
Loss on fair value of biological assets less estimated point of sales costs	-	(8,000)	-	(8,000)
Other income				48,619
Other expenses				(30,104)
Finance cost				(35,828)
Profit before income tax				726,170
Segment assets	2,269,687	1,756,449	494,786	4,520,922
Unallocated assets				
- Cash and bank balances				66,209
- Other receivables and prepayments				364
Total assets				4,587,495
Segment liabilities	(285,733)	(55,812)	(30,516)	(372,061)
Unallocated liabilities				
- Other payables and accruals				(11,927)
- Bank term loans				(616,185)
Total liabilities				(1,000,173)
Other segment items				
Capital expenditure				
- Property, plant and equipment	449,961	-	190,512	640,473
- Land use rights	908	-	-	908
- Land improvement costs	-	92,156	-	92,156
Depreciation and amortisation	51,392	131,915	8,845	192,152
Impairment allowance of trade receivables	16,977	-	-	16,977

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

31. SEGMENT INFORMATION (CONTINUED)

Geographical information

	Revenue	
	2013 RMB'000	2012 RMB'000
Overseas based customers:		
Americas	104,221	106,505
Europe	40,468	38,522
Asia (excluding the PRC) and other regions ⁽¹⁾	163,148	245,706
Subtotal	307,837	390,733
PRC based customers:		
Domestic distributors	1,442,228	1,112,741
Export distributors	1,497,708	1,065,365
Total revenue	3,247,773	2,568,839

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

During the year, one customer contributed to 12% of total group revenue, amounting to RMB377 million, which pertains to processed and fresh vegetables segments.

Non-current assets are mainly based in the PRC.

32. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

Categories of financial instruments

The following table sets out the financial instruments as at the balance sheet date:

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Financial assets				
Loans and receivables	12,987,925	9,478,446	103,059	31,217
Financial liabilities				
Financial liabilities at amortised cost	11,989,710	9,207,080	18,478	11,278

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For the Financial Year Ended 30 June 2013

(Amounts in RMB'000 unless otherwise stated)

32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign exchange risk, interest rate risk, liquidity risk and credit risk. The Board of directors reviews and agrees policies and procedures for the management of these risks. It is the Group's policy not to trade in derivative contracts.

(i) Market risk

(a) Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Other than PRC, The Group also transacts with several countries, which involve United States dollars ("USD") and others / Euro dollars ("EUR"). As a result, movements in USD and EUR exchange rates are the main foreign exchange risk which the Group is exposed to.

Currently, the PRC government imposes control over foreign currencies. RMB, the official currency in the PRC, is not freely convertible. Enterprises operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorised financial institutions. The Group has not entered into any derivative instruments for hedging or trading purposes.

Group As at 30 June 2013	Singapore dollars RMB'000	United States dollars RMB'000	Renminbi RMB'000	Others RMB'000	Total RMB'000
<u>Financial assets</u>					
Trade receivables	-	23,203	1,073,325	1,441	1,097,969
Other receivables and deposits	136	-	93,638	-	93,774
Cash and bank balances	14,600	4,312	807,519	-	826,431
Intra group receivable	-	-	10,969,751	-	10,969,751
	<u>14,736</u>	<u>27,515</u>	<u>12,944,233</u>	<u>1,441</u>	<u>12,987,925</u>
<u>Financial liabilities</u>					
Trade payables	-	-	303,698	-	303,698
Other payables and accruals	4,162	637	75,816	-	80,615
Bank term loans	-	-	635,646	-	635,646
Intra group payable	-	-	10,969,751	-	10,969,751
	<u>4,162</u>	<u>637</u>	<u>11,984,911</u>	<u>-</u>	<u>11,989,710</u>
Net financial assets	10,574	26,878	959,322	1,441	998,215
Less: Net financial assets denominated in the respective entities' functional currencies	<u>(10,574)</u>	<u>-</u>	<u>(886,928)</u>	<u>-</u>	<u>(897,502)</u>
Foreign currency exposure	<u>-</u>	<u>26,878</u>	<u>72,394</u>	<u>1,441</u>	<u>100,713</u>

Other currencies include Japanese Yen and Euros which are not considered material to the Group.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013
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32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Group As at 30 June 2012	Singapore dollars RMB'000	United States dollars RMB'000	Renminbi RMB'000	Euro RMB'000	Total RMB'000
Financial assets					
Trade receivables	-	13,287	952,878	950	967,115
Other receivables and deposits	364	-	157,119	-	157,483
Cash and bank balances	5,030	3,093	58,086	-	66,209
Intra group receivable	-	-	8,287,639	-	8,287,639
	<u>5,394</u>	<u>16,380</u>	<u>9,455,722</u>	<u>950</u>	<u>9,478,446</u>
Financial liabilities					
Trade payables	-	-	216,058	-	216,058
Other payables and accruals	3,163	-	84,035	-	87,198
Bank term loans	-	-	616,185	-	616,185
Intra group payable	-	-	8,287,639	-	8,287,639
	<u>3,163</u>	<u>-</u>	<u>9,203,917</u>	<u>-</u>	<u>9,207,080</u>
Net financial assets	2,231	16,380	251,805	950	271,366
Less: Net financial assets denominated in the respective entities' functional currencies	<u>(2,231)</u>	<u>-</u>	<u>(234,353)</u>	<u>-</u>	<u>(236,584)</u>
Foreign currency exposure	<u>-</u>	<u>16,380</u>	<u>17,452</u>	<u>950</u>	<u>34,782</u>

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

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32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Company As at 30 June 2013	Singapore dollars RMB'000	United States dollars RMB'000	Renminbi RMB'000	Total RMB'000
Financial assets				
Other receivables	136	-	-	136
Due from a subsidiary	-	-	86,073	86,073
Cash and bank balances	14,600	2,250	-	16,850
	<u>14,736</u>	<u>2,250</u>	<u>86,073</u>	<u>103,059</u>
Financial liabilities				
Other payables and accruals	4,162	637	13,679	18,478
Net financial assets	10,574	1,613	72,394	84,581
Less: Net financial assets denominated in the Company's functional currency	<u>(10,574)</u>	<u>-</u>	<u>-</u>	<u>(10,574)</u>
Foreign currency exposure	<u>-</u>	<u>1,613</u>	<u>72,394</u>	<u>74,007</u>
Company As at 30 June 2012	Singapore dollars RMB'000	United States dollars RMB'000	Renminbi RMB'000	Total RMB'000
Financial assets				
Other receivables	364	-	-	364
Due from a subsidiary	-	-	25,567	25,567
Cash and bank balances	5,030	256	-	5,286
	<u>5,394</u>	<u>256</u>	<u>25,567</u>	<u>31,217</u>
Financial liabilities				
Other payables and accruals	3,163	-	8,115	11,278
Net financial assets	2,231	256	17,452	19,939
Less: Net financial assets denominated in the Company's functional currency	<u>(2,231)</u>	<u>-</u>	<u>-</u>	<u>(2,231)</u>
Foreign currency exposure	<u>-</u>	<u>256</u>	<u>17,452</u>	<u>17,708</u>

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32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Foreign exchange risk sensitivity

The following details the sensitivity of a 10% increase and decrease in the RMB against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

The Group

If the following currencies changes against the RMB and SGD by 10% (2012: 10%) with all other variables including tax rates being held constant, the effects arising from the net financial assets / (liabilities) position will be as follow:

	2013 Increase / (Decrease) RMB'000	2012 Increase / (Decrease) RMB'000
Profit after tax		
USD		
- strengthened	2,016	1,228
- weakened	(2,016)	(1,228)
RMB		
- strengthened	5,430	1,309
- weakened	(5,430)	(1,309)
Others		
- strengthened	108	71
- weakened	(108)	(71)

The Company

If the following currencies changes against the SGD by 10% (2012: 10%) with all other variables including tax rates being held constant, the effects arising from the net financial assets / (liabilities) position will be as follow:

	2013 Increase / (Decrease) RMB'000	2012 Increase / (Decrease) RMB'000
Profit after tax		
USD		
- strengthened	134	21
- weakened	(134)	(21)
RMB		
- strengthened	6,009	1,448
- weakened	(6,009)	(1,448)

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32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(b) Interest rate risk

The Group obtains additional financing through bank borrowings.

The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Group constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at 30 June 2013, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments, that are exposed to interest rate risk:

	Group	
	2013 RMB'000	2012 RMB'000
<i>Within one year – fixed rates</i>		
Short term bank loans	635,646	612,630
<i>2 years through 5 years – fixed rates</i>		
Long term bank loans	-	3,555

Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group that are not included in the above table are not subject to interest rate risks.

The Group's profit or loss and equity are not affected by changes in interest rates as the interest-bearing financial instruments carry fixed interest and are measured at amortised cost. Consequently, sensitivity analysis is not necessary.

(ii) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. The remaining contractual maturity for financial liabilities of the Group and Company is on demand or due within 1 year, thus the carrying amounts approximate the undiscounted cash flow. In FY2012, the contractual undiscounted cash flow for the long-term bank loan was RMB3.83 million and is repayable on 30 October 2013.

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32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The credit period on sales of goods ranges from 30 to 90 days (2012: 30 to 90 days). No interest is imposed on overdue trade receivables.

As the Group and Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The Group's major classes of financial assets include bank deposits and trade receivables. The carrying amounts of cash and bank balances, trade and other receivables, including amount due from related parties, represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Cash and bank balances are placed with local financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. The amounts presented in the balance sheet are net of allowances for impairment of receivables, estimated by management based on prior experience and the current economic environment.

Top 5 customers, which are in the business of distributing processed food / vegetable products in PRC, accounted for approximately 34% (2012: 41%) of total trade receivable balance as at the balance sheet date. Included in other receivables and prepayment is an amount to be refunded by a PRC local government amounting to RMB92 million (Note 12). The Group and the Company do not have any other concentration of credit risk exposure to any other single counterparty or any other group of counterparties having similar characteristics.

The aging analysis of trade receivables is as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
Not past due and not impaired	752,248	698,087
Past due but not impaired		
- Past due 0 to 3 months	344,016	262,140
- Past due 4 to 6 months	1,705	6,021
- Past due over 6 months	-	867
	345,721	269,028
Past due and impaired trade receivables	11,451	16,977
Less: Allowance for impairment loss	(11,451)	(16,977)
Net trade receivables	1,097,969	967,115

Notes to the Financial Statements

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32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

Included in the Group's trade receivables are debtors with total carrying amount of approximately RMB345.7 million (2012: RMB269.0 million) which are past due but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The amounts that are neither past due nor impaired represents balances owing from companies and established vegetables distributor sole proprietorship with good credit standing with the Group and these amounts are deemed fully recoverable.

The movements in allowance for impairment loss are as follows:

	Group	
	2013 RMB'000	2012 RMB'000
Balance at beginning of the year	16,977	-
Allowance utilised during the year	(15,776)	-
Allowance written back during the year	(1,201)	-
Impairment allowance for trade receivables (Note 21)	11,451	16,977
Balance at end of the year	11,451	16,977

The Group has provided for trade receivables based on estimated irrecoverable amounts from the sale of goods, determined by reference to their ability to repay and repayment history.

(iv) Fair values of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and payables, other liabilities and amounts payable approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Capital risk management policies and objectives

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings, cash and bank balances and equity attributable to equity holders of the Company, comprising issued capital, currency translation reserve, accumulated profits and employees' share option reserve.

The Board reviews the capital structure on an annual basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt.

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32. FINANCIAL INSTRUMENTS (CONTINUED)

Capital risk management policies and objectives (Continued)

Management monitors capital based on an adjusted gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and bank balances. Total capital is calculated as equity plus net debt.

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Bank term loans	635,646	616,185	-	-
Trade payables	303,698	216,058	-	-
Other payables and accruals	97,771	132,145	18,738	11,393
Due from a subsidiary (non-trade)	-	-	(86,073)	(25,567)
Cash and bank balances	(826,431)	(66,209)	(16,850)	(5,286)
Net debts	210,684	898,179	(84,185)	(19,460)
Total equity	4,770,014	3,587,322	1,377,300	938,888
Less: Statutory reserve fund	(93,995)	(79,007)	-	-
Total capital	4,676,019	3,508,315	1,377,300	938,888
Capital and net debts	4,886,703	4,406,494	1,293,115	919,428
Adjusted gearing ratio (Net debts / Capital and net debts)	4.3%	20.4%	(6.5%)	(2.1%)

As disclosed in Note 4, subsidiaries of the Group are required by the relevant laws and regulations in the PRC to contribute to and maintain a non-distributable statutory reserve fund which utilisation is subject to the approval of the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above mentioned subsidiaries for the financial year ended 30 June 2013 and 30 June 2012.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2013

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33. SUBSEQUENT EVENT

- (a) The Company has entered into a syndicated facility agreement dated 6 August 2013 in respect of a term loan facility of up to an aggregated principal amount of US\$150 million, the amount of which may be increased to an amount not exceeding US\$200 million if the syndication is oversubscribed. The mandated lead arrangers for the Facility are Standard Chartered Bank and Citigroup Global Markets Singapore Pte Ltd. The proceeds of the Facility will be used for general corporate purposes.

Pursuant the above facility, the Company has entered into the Cross Currency Swap Transactions with Standard Chartered Bank and Citigroup Global Markets Singapore Pte Ltd, on 15 August 2013.

- (b) On 22 August 2013, the Board of Directors proposed a final tax-exempt dividend for financial year 2013 of S\$0.01 per share amounting to a total of S\$6,554,390. These financial statements do not reflect this proposed dividend, which if approved at the forthcoming Annual General Meeting of the Company, will be accounted for in the shareholders' equity as an appropriation of accumulated profits in the financial year ending 30 June 2014.
- (c) On 4 September 2013, the Company announced that PT Indofood Sukses Makmur TBK, a company listed on the Indonesia stock exchange, has on 3 September 2013 acquired 7.53% of the Company's total issued capital, thereby increasing its interest in the Company to more than 50%. Consequently, PT Indofood Sukses Makmur TBK became the Company's immediate holding company.
- (d) On 4 September 2013, PT Indofood announced its mandatory unconditional cash offer (the "offer") for the offer shares, being the issued and paid-up ordinary shares in the capital of the Company, other than those held by the Company as treasury shares and those shares owned, controlled or agreed to be acquired, directly or indirectly, by PT Indofood as the date of the Offer.

PROPERTIES AND FIXED ASSETS

Our Group owns the following property as at 30 June 2013:

No.	Nature	Location	Area (sq m)	Use of property
1	Land Use Right	No.552, Ba Er Yi North Street Changlin Residents' Committee, Licheng District, Putian (荔城區暢林居委會八二一北街552號)	78,773.86	Processing facilities and storage
2	Land Use Right	No.128, Ba Er Yi North Street, Gongchen Residents' Committee, Licheng District, Putian (荔城區拱辰居委會八二一北街128號)	15,142.59	Processing facilities and storage
3	Building	No. 128, Ba Er Yi North Street, Gong Chen Residents' Committee (拱辰居委會八二一北街128號)	7,150.17	Processing facilities and storage
4	Building	No. 552, Ba Er Yi North Street, Chang Lin Residents' Committee (暢林居委會八二一北街552號)	19,733.18	Processing facilities and storage
5	Land Use Right	No.20, Development Zone (East Park) Inner Mongolia (內蒙古自治開發區(東區)第二十街坊)	33,438.00	Processing facilities and storage
6	Land Use Right	Left Side, Jinzhan Road, Nengyu Town, Yunnan (雲南省能禹鎮進站公路左側)	20,000.00	Processing facilities and storage
7	Land Use Right	Xiaonengyu Village, Mohe Villagers' Committee, Yuanma Town, Yuanmou County, Yunnan (雲南省元謀縣元馬鎮摩河村委會小能禹村)	46.50	Dormitory
8	Land Use Right	Xiaonengyu Village, Mohe Villagers' Committee, Yuanmou County, Yunnan (雲南省元謀縣摩河村委會小能禹村)	17.20	Office block
9	Land Use Right	Xiaonengyu Village, Mohe Villagers' Committee, Yuanma Town, Yuanmou County, Yunnan (雲南省元謀縣元馬鎮摩河村委會小能禹村)	144.70	Dormitory
10	Land Use Right	Railway Station, Nengyu, Yuanmou County, Yunnan (雲南省元謀縣能禹火車站)	672.50	Processing facilities and storage
11	Building	Living Zone, South Jinzhan Road, Railway Station, Nengyu Town, Yuanmou County (元謀縣能禹鎮火車站進站公路南側(生活區))	1,403.51	Dormitory
12	Building	Living Zone, South Jinzhan Road, Railway Station, Nengyu Town, Yuanmou County (元謀縣能禹鎮火車站進站公路南側(生活區))	1,201.11	Dormitory
13	Building	South Jinzhan Road, Railway Station, Nengyu Town, Yuanmou County (元謀縣能禹鎮火車站進站路南側)	2,641.73	Processing facilities and storage

PROPERTIES AND FIXED ASSETS

Our Group owns the following property as at 30 June 2013: (Continued)

No.	Nature	Location	Area (sq m)	Use of property
14	Building	South Jinzhan Road, Railway Station, Nengyu Town, Yuanmou County (元謀縣能禹鎮火車站進站路南側)	4,158.28	Processing facilities and storage
15	Building	Office Zone, South Jinzhan Road, Nengyu Town, Yuanmou County (元謀縣能禹鎮進站路南側(辦公區))	622.51	Office block
16	Land Use Right	Shangyou Industrial Park, Chicheng Town, Pengxi County (蓬溪縣赤城鎮上游工業園)	24,605.51	Processing facilities and storage
17	Building	Shangyou Industrial Park, Chicheng Town (赤城鎮上游工業園區)	5,420.73	Processing facilities and storage
18	Land Use Right	Sanqian Village, Xitianwei Town, Licheng District, Putian (荔城區西天尾鎮三山村)	191,217.02	Processing facilities and storage, office block and dormitory
19	Land Use Right	South Nanhuan Road, Sanfutan Town, Xiantao City (仙桃市三伏潭鎮南環路南側)	33,000.00	Processing facilities and storage, office block and dormitory
20	Building	South Nanhuan Road, Sanfutan Town, Xiantao City (仙桃市三伏潭鎮南環路南側)	7,648.05	Processing facilities and storage, office block and dormitory
21	Land Use Right	Shangyou Industrial Park, Chicheng Town, Pengxi County (蓬溪縣赤城鎮上游工業園)	23,273.33	Processing facilities and storage

PROPERTIES AND FIXED ASSETS

We currently lease the following properties as at 30 June 2013:

No.	Location	Lessor	Land Use	Gross Area (sq m '000)	Actual Start Date/ Renewal Date	Remaining Tenure
1	Gaoyang Village, Shicang Town, Xianyou District, Fujian Province (福建省仙遊縣石蒼鄉高陽村 — 東至高陽梯佛公頂, 西至青龍溪, 南至霞湖山界, 北至赤竹坑)	Farmer-households in Gaoyang Village, Shicang Town, Xianyou County, Fujian (福建省仙遊縣石蒼鄉高陽村的農戶)	Forest	17,346.8	Started on 5 September 2001 and renewed on 1 January 2008	Ending on 31 December 2028, with an option to extend to 4 September 2051
2	Heping Village, Huangshi Town, Licheng District, Putian, Fujian (福建省莆田市荔城區黃石鎮和平村 — 東至和平村村道, 西至涵黃公路, 南至黃石鎮, 北至和平村村道的農田)	Farmer-households in Heping Village, Huangshi Town, Licheng District, Putian, Fujian (福建省莆田市荔城區黃石鎮和平村的農戶)	Farm	2,063.3	Started on 22 January 2000 and renewed on 1 January 2008	Ending on 31 December 2027, with an option to extend to 21 January 2030
3	Shanqian Village, Beigao Town, Licheng District, Putian, Fujian (福建省莆田市荔城區北高鎮山前村 — 東至西亭村, 西至山前村村道, 南至武盛村, 北至山前村村道的農田)	Farmer-households in Shanqian Village, Beigao Town, Licheng District, Putian, Fujian (福建省莆田市荔城區北高鎮山前村的農戶)	Farm	1,676.7	Started on 25 April 2001 and renewed on 1 January 2008 and 25 April 2011 respectively	Ending on 24 April 2021
4	Xibei Village, Changtai Town, Chengxiang District, Putian, Fujian (福建省莆田市城廂區常太鎮溪北村 — 東至枇杷地, 西至村莊, 南至小溪, 北至村莊)	Farmer-households in Xibei Village, Changtai Town, Chengxiang District, Putian, Fujian (福建省莆田市城廂區常太鎮溪北村的農戶)	Farm	686.7	Started on 1 February 2007 and renewed on 1 January 2008	Ending on 31 January 2017
5	Xinan Village, Changtai Town, Chengxiang District, Putian, Fujian (福建省莆田市城廂區常太鎮溪南村 — 東至村道, 西至枇杷地, 南至小溪, 北至村莊)	Farmer-households in Xinan Village, Changtai Town, Chengxiang District, Putian, Fujian (福建省莆田市城廂區常太鎮溪南村的農戶)	Farm	140.0	Started on 1 October 2006 and renewed on 1 January 2008	Ending on 30 September 2016
6	Lilinzui Village, Sanfutan Town, Xiantao, Hubei (湖北省仙桃市三伏潭鎮栗林嘴村 — 東至機耕路, 西至農田, 南至村道, 北至農舍)	Farmer-households in Lilinzui Village, Sanfutan Town, Xiantao, Hubei (湖北省仙桃市三伏潭鎮栗林嘴村的農戶)	Farm	2,000.0	Started on 1 May 2008	Ending on 30 April 2018

PROPERTIES AND FIXED ASSETS

We currently lease the following properties as at 30 June 2013: (Continued)

No.	Location	Lessor	Land Use	Gross Area (sq m '000)	Actual Start Date / Renewal Date	Remaining Tenure
7	Yongfeng Village, Caolu Town, Pudong New District, Shanghai (上海市浦東新區曹路鎮永豐村 — 東至龔豐路，南至小河，西至村部，北至村民農田)	Farmer-households in Yongfeng Village, Caolu Town, Pudong New District, Shanghai (上海市浦東新區曹路鎮永豐村的農戶)	Farm	423.3	Started on 1 April 2006 and renewed on 1 January 2008	Ending on 1 April 2014
8	Haichao Village, Caolu Town, Pudong New District, Shanghai (上海市浦東新區曹路鎮海潮村 — 東至防護林，南至村道，西至村莊，北至村民農田)	Farmer-households in Haichao Village, Caolu Town, Pudong New District, Shanghai (上海市浦東新區曹路鎮海潮村的農戶)	Farm	256.7	Started on 1 January 2006 and renewed on 1 January 2008	Ending on 1 January 2014
9	San Dui, Wusi Farm Park (五四農場園區(三隊))	Shanghai Nonggongshang Modern Agricultural Park Development Co., Ltd. (上海市農工商現代農業園區開發有限公司)	Farm	200.0	Started on 1 July 2006	Ending on 30 June 2014
10	Xingdong Village, Caolu Town, Pudong New District, Shanghai (上海市浦東新區曹路鎮興東村 — 東至興華路，南至灌溉水渠，西至村道，北至文東路)	Farmer-households in Xingdong Village, Caolu Town, Pudong New District, Shanghai (上海市浦東新區曹路鎮興東村的農戶)	Farm	126.7	Started on 1 April 2006 and renewed on 1 January 2008	Ending on 1 January 2014
11	Airport Town, Pudong New District, Shanghai (上海市浦東新區機場鎮 — 東至八一河，西至華洲路，南至交界，北至水泥路土地交界)	Shanghai Pudong Linkong Agriculture Development Co., Ltd. (上海浦東臨空農業開發有限公司)	Farm	46.7	Started on 1 December 2005	Ending on 30 November 2025
12	Fendou Village, Shuanghe Town, Linhe District, Bayannaoer City, Inner Mongolia (內蒙古巴彥淖爾市臨河區雙河鎮奮鬥村 — 東至新豐村，西至躍進村，南至臨新公路，北至二黃河畔)	Farmer-households in Fendou Village, Shuanghe Town, Linhe District, Bayannaoer, Inner Mongolia (內蒙古巴彥淖爾市臨河區雙河鎮奮鬥村的農戶)	Farm	2,000.0	Started on 1 October 2007 and renewed on 1 January 2008	Ending on 30 September 2017

PROPERTIES AND FIXED ASSETS

We currently lease the following properties as at 30 June 2013: (Continued)

No.	Location	Lessor	Land Use	Gross Area (sq m '000)	Actual Start Date/ Renewal Date	Remaining Tenure
13	Niujie Village, Huangguayuan Town, Yuanmou County, Chuxiong, Yunnan Province (雲南省楚雄州元謀縣黃瓜園鎮牛街村 — 東至臘海金村小組河道, 西至臘海金村小組村道, 南至臘海金村小組村道, 北至牛街村)	Farmer-households in Niujie Village, Huangguayuan Town, Yuanmou County, Chuxiong, Yunnan Province (雲南省楚雄州元謀縣黃瓜園鎮牛街村的農戶)	Farm	1,416.7	Started on 1 September 2005 and renewed on 1 January 2008	Ending on 31 December 2028, with an option to extend to 31 August 2035
14	Hebian Agricultural Cooperative, Yongfu Village, Ala Town, Renhe District, Panzhihua, Sichuan (四川省攀枝花市仁和區喇喇鄉永富村河邊至村道, 西至民房, 南至小河, 北至機耕路)	Farmer-households in Hebian Agricultural Cooperative, Yongfu Village, Ala Town, Renhe District, Panzhihua, Sichuan (四川省攀枝花市仁和區喇喇鄉永富村河邊農業合作社的農戶)	Farm	2,000.0	Started on 1 May 2009	Ending on 30 April 2019
15	Hongjiang Village, Hongjiang Town, Pengxi County, Sichuan Province (四川蓬溪縣紅江鎮紅江村 — 東至天福鎮長坪壩村, 西至與白坪村相連, 南至紅江發電廠, 北至與白坪村相連)	Farmer-households in Hongjiang Village, Hongjiang Town, Pengxi County, Sichuan (四川蓬溪縣紅江鎮紅江村的農戶)	Farm	543.3	Started on 1 December 2007 and renewed on 1 January 2008	Ending on 30 November 2017
16	Buying Village, Hongjiang Town, Pengxi County, Suining, Sichuan (四川省遂寧市蓬溪縣紅江鎮步營村 — 東至村部, 西至村道, 南至養殖場, 北至村道)	Farmer-households in Buying Village, Hongjiang Town, Pengxi County, Suining, Sichuan (四川省遂寧市蓬溪縣紅江鎮步營村的農戶)	Farm	513.3	Started on 1 January 2008	Ending on 31 December 2017
17	Baiping Village, Hongjiang Town, Pengxi County, Sichuan Province (四川蓬溪縣紅江鎮白坪村 — 東至步雲村, 西至湖江河邊, 南至青龍村, 北至青龍場)	Farmer-households in Baiping Village, Hongjiang Town, Pengxi County, Sichuan (四川蓬溪縣紅江鎮白坪村的農戶)	Farm	303.3	Started on 1 January 2008	Ending on 31 December 2017

PROPERTIES AND FIXED ASSETS

We currently lease the following properties as at 30 June 2013: (Continued)

No.	Location	Lessor	Land Use	Gross Area (sq m '000)	Actual Start Date / Renewal Date	Remaining Tenure
18	Baihelin Village, Tianfu Town, Pengxi County, Sichuan Province (四川蓬溪縣天福鎮白鶴林村 — 東至常國路, 西至長坪村一莊, 南至馬道村, 北至長坪村三莊)	Farmer-households in Baihelin Village, Tianfu Town, Pengxi County, Sichuan (四川蓬溪縣天福鎮白鶴林村的農戶)	Farm	226.7	Started on 1 January 2008	Ending on 31 December 2017
19	Huting Village, Zhongshan Town, Xianyou District, Putian, Fujian (莆田市仙遊縣鍾山鎮湖亭村)	Farmer-households in Huting Village, Zhongshan Town, Xianyou District, Putian, Fujian (莆田市仙遊縣鍾山鎮湖亭村的農戶)	Farm	1,333.3	Started on 1 May 2010	Ending on 30 April 2020
20	Zhuangzi Village, Zhangjiawo Town, Xiqing District, Tianjin (天津市西青區張家窩鎮莊子村界內中國北方蝴蝶蘭生產基地區內 — 東至智能溫室西洩水溝, 西至小甸子地界, 南至周蘆路以北氣線以內, 北至房甸路綠化帶)	Tianjin Baiwei Modern Agriculture Technology Development Co., Ltd. (天津市百維現代農業技術開發有限公司)	Farm	140.0	Started on 1 May 2010	Ending on 1 May 2025
21	Yongfeng Village, Caolu Town, Pudong District, Shanghai (上海市浦東曹路鎮永豐村 — 東至龔豐路, 南至小河, 西至村部, 北至村民農田-擴租)	Farmer-households in Yongfeng Village, Caolu Town, Pudong District, Shanghai (上海市浦東曹路鎮永豐村的農戶)	Farm	133.3	Started on 1 July 2010	Ending on 1 April 2014
22	Huting Village, Zhongshan Town, Xianyou District, Putian, Fujian (莆田市仙遊縣鍾山鎮湖亭村 — 南至湖亭村村部, 北至鍾榜公路, 東至旅遊路, 西至機耕路-擴租)	Farmer-households in Huting Village, Zhongshan Town, Xianyou District, Putian, Fujian (莆田市仙遊縣鍾山鎮湖亭村的農戶)	Farm	1,200.0	Started on 1 November 2010	Ending on 31 October 2020
23	Wuchun Village, Youyang Town, Xianyou District, Putian, Fujian (莆田市仙遊縣游洋鎮梧樑村 — 東至機耕路, 西至山坡地, 南至梧樑村莊, 北至小溪)	Farmer-households in Wuchun Village, Youyang Town, Xianyou District, Putian, Fujian (莆田市仙遊縣游洋鎮梧樑村的農戶)	Farm	2,333.3	Started on 8 November 2010	Ending on 7 November 2020

PROPERTIES AND FIXED ASSETS

We currently lease the following properties as at 30 June 2013: (Continued)

No.	Location	Lessor	Land Use	Gross Area (sq m '000)	Actual Start Date / Renewal Date	Remaining Tenure
24	Pingpan Village, Baisha Town, Hanjiang District, Putian, Fujian (福建省莆田市涵江區白沙鎮坪盤村 — 東至啊雄花圃西至陳樵豬場南至鴨場北至後溪人果園)	Farmer-households in Pingpan Village, Baisha Town, Hanjiang District, Putian, Fujian (福建省莆田市涵江區白沙鎮坪盤村的農戶)	Farm	666.7	Started on 1 November 2010	Ending on 31 October 2030
25	Batou Village, Dayang Town, Hanjiang District, Putian, Fujian (福建省莆田市涵江區大洋鄉壩頭村 — 東至山坡地, 西至壩頭村村莊, 南至小溪, 北至大福公路)	Farmer-households in Batou Village, Dayang Town, Hanjiang District, Putian, Fujian (福建省莆田市涵江區大洋鄉壩頭村的農戶)	Farm	1,333.3	Started on 8 November 2010	Ending on 7 November 2020
26	Baihelin Village, Tianfu Town, Pengxi County, Sichuan (四川省蓬溪縣天福鎮白鶴林村, 東至常國路, 西至長坪村一莊, 南至馬道村, 北至長坪村三莊-擴租)	Farmer-households in Baihelin Village, Tianfu Town, Pengxi County, Sichuan (四川省蓬溪縣天福鎮白鶴林村的農戶)	Farm	400.0	Started on 1 December 2010	Ending on 30 November 2020
27	Xiayang Village, Dayang Town, Hanjiang District, Putian, Fujian (福建省莆田市涵江區大洋鄉霞洋村 — 東至小溪, 西至山坡地, 北至霞洋村莊)	Farmer-households in Xiayang Village, Dayang Town, Hanjiang District, Putian, Fujian (福建省莆田市涵江區大洋鄉霞洋村的農戶)	Farm	2,000.0	Started on 1 January 2011	Ending on 1 January 2021
28	Dayang Village, Dayang Town, Hanjiang District, Putian, Fujian (福建省莆田市涵江區大洋鄉大洋村 — 東至大福公路, 西至大洋村莊, 南至村農民農田北至山坡地)	Farmer-households in Dayang Village, Dayang Town, Hanjiang District, Putian, Fujian (福建省莆田市涵江區大洋鄉大洋村的農戶)	Farm	1,333.3	Started on 1 January 2011	Ending on 1 January 2021
29	Dounan Village, Huangshi Town, Licheng District, Putian, Fujian (福建省莆田市荔城區黃石鎮斗南村 — 東至斗南村村部, 西至村民農田)	Farmer-households in Dounan Village, Huangshi Town, Licheng District, Putian, Fujian (福建省莆田市荔城區黃石鎮斗南村的農戶)	Farm	3,333.3	Started on 10 February 2011	Ending on 9 February 2021

PROPERTIES AND FIXED ASSETS

We currently lease the following properties as at 30 June 2013: (Continued)

No.	Location	Lessor	Land Use	Gross Area (sq m '000)	Actual Start Date / Renewal Date	Remaining Tenure
30	Huangfang Village, Yuanqian Town, Taihe District, Ji-an City, Jiangxi (江西省吉安市泰和縣苑前鎮黃坊村 — 東至縣道, 西至黃坊村莊, 南至小溪, 北至黃坊村莊)	Farmer-households in Huangfang Village, Yuanqian Town, Taihe District, Ji-an City, Jiangxi (江西省吉安市泰和縣苑前鎮黃坊村的農戶)	Farm	6,666.7	Started on 3 March 2011	Ending on 2 March 2021
31	Heyuan Village, Heshi Town, Taihe District, Ji-an City, Jiangxi (江西省吉安市禾市鎮禾院村 — 東至村道, 西至禾院村部, 南至公路, 北至小溪)	Farmer-households in Heyuan Village, Heshi Town, Taihe District, Ji-an City, Jiangxi (江西省吉安市泰和縣禾市鎮禾院村的農戶)	Farm	2,133.3	Started on 1 April 2011	Ending on 31 March 2021
32	Fenglong Village, Heshi Town, Taihe District, Ji-an City, Jiangxi (江西省吉安市泰和縣禾市鎮豐壠村 — 東至縣道, 西至豐壠村村莊, 南至機耕路, 北至村民農田)	Farmer-households in Fenglong Village, Heshi Town, Taihe District, Ji-an City, Jiangxi (江西省吉安市泰和縣禾市鎮豐壠村的農戶)	Farm	1,666.7	Started on 12 April 2011	Ending on 11 April 2021
33	Zengzhuang Village, Heshi Town, Taihe District, Ji-an City, Jiangxi (江西省吉安市泰和縣禾市鎮增莊村 — 東至增莊村村道, 西至村民農田, 南至增莊村村部, 北至縣道)	Farmer-households in Zengzhuang Village, Heshi Town, Taihe District, Ji-an City, Jiangxi (江西省吉安市泰和縣禾市鎮增莊村的農戶)	Farm	1,666.7	Started on 12 April 2011	Ending on 11 April 2021
34	Sanqian Village, Beigao Town, Licheng District, Putian, Fujian (莆田市荔城區北高鎮山前村 — 東至西亭村, 西至山前村村道, 南至武盛村, 北至山前村村道-擴租)	Farmer-households in Sanqian Village, Beigao Town, Licheng District, Putian, Fujian (莆田市荔城區北高鎮山前村的農戶)	Farm	2,000.0	Started on 25 April 2011	Ending on 24 April 2021
35	Agricultural and industrial development zone, Zhangjiawo Town, Xiqing District, Tianjin (天津市西青區張家窩鎮農業產業園區內 (東至規劃主干路五綠線、西至規劃主干路綠線、南至周芦鐵路以北、北至房甸路綠化帶))	Tianjin Baiwei Modern Agriculture Technology Development Co., Ltd. (天津市百維現代農業技術開發有限公司)	Farm	103.3	Started on 1 December 2012	Ending on 1 April 2027

Statistics of Shareholdings

As at 19 September 2013

SHARE CAPITAL

Issued and fully paid up capital	:	S\$296,149,207.00
Number of shares	:	655,439,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

There are no treasury shares held in the issued share capital of the Company.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	6	0.50	429	0.00
1,000 - 10,000	827	68.80	4,547,518	0.69
10,001 - 1,000,000	353	29.37	17,267,508	2.64
1,000,001 AND ABOVE	16	1.33	633,623,545	96.67
TOTAL	1,202	100.00	655,439,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UOB KAY HIAN PTE LTD	413,262,382	63.05
2	CITIBANK NOMINEES SINGAPORE PTE LTD	56,549,957	8.63
3	DBSN SERVICES PTE LTD	51,944,161	7.93
4	DBS NOMINEES PTE LTD	34,972,213	5.34
5	RAFFLES NOMINEES (PTE) LTD	25,801,833	3.94
6	HL BANK NOMINEES (SINGAPORE) PTE LTD	22,611,297	3.45
7	HSBC (SINGAPORE) NOMINEES PTE LTD	10,669,545	1.63
8	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	4,375,447	0.67
9	DB NOMINEES (SINGAPORE) PTE LTD	3,263,170	0.50
10	MERRILL LYNCH (SINGAPORE) PTE LTD	2,210,792	0.34
11	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,607,748	0.25
12	BNP PARIBAS SECURITIES SERVICES	1,533,000	0.23
13	CHEONG CHOONG KONG	1,440,000	0.22
14	OCBC SECURITIES PRIVATE LTD	1,279,000	0.20
15	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,102,000	0.17
16	WEE KHENG HOE JASON	1,001,000	0.15
17	BANK OF SINGAPORE NOMINEES PTE LTD	653,720	0.10
18	MAYBANK KIM ENG SECURITIES PTE LTD	618,500	0.09
19	CHONG KUAN KEONG	590,000	0.09
20	KHOO TENG HUAT	399,000	0.06
TOTAL		635,884,765	97.04

Statistics of Shareholdings

As at 19 September 2013

SUBSTANTIAL SHAREHOLDERS AS AT 19 SEPTEMBER 2013

(as defined under the Singapore Companies Act, Cap. 50)

As recorded in the Register of Substantial Shareholders

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Lin Guo Rong	13,103,000	2.00	22,411,297 ⁽ⁱ⁾	3.42
PT Indofood Sukses Makmur Tbk	410,158,382	62.58	-	-
CAB Holdings Limited ⁽ⁱⁱ⁾	-	-	410,158,382	62.58
First Pacific Company Limited ⁽ⁱⁱ⁾	-	-	410,158,382	62.58
First Pacific Investments Limited ⁽ⁱⁱ⁾	-	-	410,158,382	62.58
First Pacific Investments (B.V.I.) Limited ⁽ⁱⁱ⁾	-	-	410,158,382	62.58
Salerni International Limited ⁽ⁱⁱ⁾	-	-	410,158,382	62.58
Anthoni Salim ⁽ⁱⁱ⁾	-	-	410,158,382	62.58
Franklin Resources, Inc. ⁽ⁱⁱⁱ⁾	-	-	71,535,000	10.91
Templeton Worldwide, Inc. ⁽ⁱⁱⁱ⁾	-	-	71,067,000	10.84
Templeton International, Inc. ⁽ⁱⁱⁱ⁾	-	-	45,842,000	6.99
Franklin Templeton Capital Holdings Private Limited ⁽ⁱⁱⁱ⁾	-	-	45,842,000	6.99
Franklin Templeton Asia Holdings Private Limited ⁽ⁱⁱⁱ⁾	-	-	45,842,000	6.99
Franklin Templeton Investments (Asia) Limited ⁽ⁱⁱⁱ⁾	-	-	45,842,000	6.99

Notes:-

- (i) China Minzhong Holdings Limited ("Minzhong (BVI)") owns 22,411,297 Shares, representing 3.42% of the issued share capital of the Company. Minzhong (BVI) is solely owned by the Chief Financial Officer, Siek Wei Ting, who is holding the entire share capital in Minzhong (BVI) on trust for our Executive Chairman and Chief Executive Officer, Lin Guo Rong (as to 24.12%), our Chief Operation Officer, Wang Dazhang (as to 37.94%) and our Chief Technology Officer, Huang Bing Hui (as to 37.94%).

By virtue of Section 4 of the Securities and Futures Act, Lin Guo Rong is deemed to be interested in the Shares held by Minzhong (BVI).

- (ii) CAB Holdings Limited ("CAB") owns 50.07% of the issued share capital of PT Indofood Sukses Makmur Tbk ("PT ISM"). First Pacific Company Limited ("First Pacific") owns 100% of the issued share capital of CAB. First Pacific Investments Limited ("FPIL"), together with First Pacific Investments (B.V.I.) Limited ("FPIL BVI"), collectively own not less than 20% of the issued share capital of First Pacific. Salerni International Limited ("Salerni") owns more than 50% of the issued share capital of FPIL BVI and not less than 20% of the issued share capital of FPIL. Mr Anthoni Salim owns 100% of the issued share capital of Salerni.

By virtue of Section 4 of the Securities and Futures Act, CAB, First Pacific, FPIL and FPIL BVI are deemed to be interested in the shares held by PT ISM. Accordingly, Salerni and Mr Anthoni Salim are deemed to be interested in the shares held by PT ISM, FPIL and FPIL BVI.

- (iii) Franklin Templeton Investments (Asia) Limited ("FTIA") is wholly owned by Franklin Templeton Asia Holdings Private Limited ("FTAH"), who in turn is wholly owned by Franklin Templeton Capital Holdings Private Limited ("FTCH"), who in turn is wholly owned by Templeton International, Inc ("TIC"), who in turn is wholly owned by Templeton Worldwide, Inc ("TWI") who is wholly owned by Franklin Resources, Inc ("FRI").

SHAREHOLDINGS IN THE HAND OF PUBLIC

The percentage of shareholdings in the hands of the public was approximately 21.09% and hence the Company has complied with Rule 723 of the SGX-ST Listing Manual.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Bras Basah Room, Level 4 of Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560 on Monday, 28 October 2013 at 10.00 a.m., for the following purposes:

AS ROUTINE BUSINESS:

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the year ended 30 June 2013 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a one-tier tax exempt final dividend of 1 cent per ordinary share in the Company for the financial year ended 30 June 2013. **(Resolution 2)**
3. To note that Mr Lee Edan Kietchai, who is retiring pursuant to Article 114, has informed the Board that he does not wish to seek re-election and will cease to be a Director of the Company and member of the Audit and Nominating Committees, at the conclusion of the Annual General Meeting.
4. To note that Mr Wang Anson, has informed the Board that he intends to resign as a Director of the Company and as member of the Remuneration Committee, at the conclusion of the Annual General Meeting.
5. To note that Mr Heng Hang Siong, has informed the Board that he intends to resign as a Director of the Company, Chairman of the Nominating Committee and as member of the Audit, Remuneration and Risk Management Committees at the conclusion of the Annual General Meeting.
6. To approve the appointment of Mr Siek Wei Ting as an Executive Director, pursuant to Article 118 of the Company's Articles of Association, to hold office from the conclusion of the Annual General Meeting.
[See Explanatory Note (i)] **(Resolution 3)**
7. To approve the appointment of Mr Hendra Widjaja as a Non-Executive Director, pursuant to Article 118 of the Company's Articles of Association, to hold office from the conclusion of the Annual General Meeting.
[See Explanatory Note (ii)] **(Resolution 4)**
8. To approve the appointment of Mr Goh Kian Chee as an Independent Non-Executive Director, pursuant to Article 118 of the Company's Articles of Association, to hold office from the conclusion of the Annual General Meeting.
[See Explanatory Note (iii)] **(Resolution 5)**
9. To approve the payment of Directors' fees of S\$292,572 for the financial year ending 30 June 2014, to be paid quarterly in arrears. (2013: S\$345,275) **(Resolution 6)**
10. To re-appoint Messrs Crowe Horwath First Trust LLP and to authorise the Directors to fix their remuneration. **(Resolution 7)**
11. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

12. SHARE ISSUE MANDATE

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited and notwithstanding the provisions of the Articles of Association of the Company, authority be and is hereby given to the Directors of the Company to:

Notice of Annual General Meeting

- (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

provided that:

- (i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be granted other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below):
- (ii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding treasury shares of the Company shall be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:
 - 1. new shares arising from the conversion or exercise of any convertible securities;
 - 2. new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - 3. any subsequent bonus issue, consolidation or subdivision of shares;
- (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Notes (iv)]

(Resolution 8)

13. CMZ EMPLOYEE SHARE OPTION SCHEME 2010

That the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the CMZ Employee Share Option Scheme 2010 (the "Scheme") and pursuant to Section 161 of the Companies Act, Chapter 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Scheme provided that

Notice of Annual General Meeting

the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen per cent. (15%) of the total number of issued shares excluding treasury shares of the Company from time to time.

[See Explanatory Notes (v)]

(Resolution 9)

NOTICE OF BOOKS CLOSURE AND DATE OF PAYMENT OF FINAL DIVIDEND

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders of the proposed final dividend being obtained at the Company's Annual General Meeting to be held on 28 October 2013 ("AGM") the share transfer books and register of members of the Company will be closed on 6 November 2013, for the purpose of determining members entitlements to a one-tier tax exempt final dividend of 1 cent per ordinary share in the Company for the financial year ended 30 June 2013.

Duly completed transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 5 November 2013 will be registered to determine members entitlements to the proposed final dividend.

Members whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares at 5.00 p.m. on 5 November 2013 will be entitled to the proposed final dividend.

The proposed final dividend, if approved by members at the AGM, will be paid on 22 November 2013.

By Order of the Board

Cheam Heng Haw
Company Secretary

Singapore, 11 October 2013

Explanatory Notes:

- (i) Ordinary Resolution 3 proposed in item 6 above, is to appoint a new executive director, Mr Siek Wei Ting. Key information and the profile of Mr Siek Wei Ting can be found on pages 7 and 8 of the Annual Report. Mr Siek Wei Ting will be appointed under Article 118 of the Company's Articles of Association and will fill the office being vacated by Mr Wang Anson who will be resigning as a Director of the Company at the conclusion of the Annual General Meeting. Mr Siek Wei Ting has given his consent to his nomination and his candidature for the office. The Nominating Committee of the Company ("Nominating Committee") has reviewed Mr Siek Wei Ting's information and profile and is satisfied that Mr Siek Wei Ting has met the requisite standards as required by the Code of Corporate Governance 2012 ("CG Code").
- (ii) Ordinary Resolution 4 proposed in item 7 above, is to appoint a new non-executive director, Mr Hendra Widjaja. Key information and the profile of Mr Hendra Widjaja can be found on page 7 of the Annual Report. Mr Hendra Widjaja will be appointed under Article 118 of the Company's Articles of Association and will fill the office being vacated by Mr Lee Edan Kietchai who will be retiring by rotation as a Director at the conclusion of the Annual General Meeting under Article 114 of the Company's Articles of Association and will not be offering himself for re-election. Mr Hendra Widjaja has been nominated by the majority shareholder of the Company, PT Indofood Sukses Makmur Tbk ("PT Indofood"), and has given his consent to his nomination and his candidature for the office. The Nominating Committee has reviewed Mr Hendra Widjaja's information and profile and is satisfied that Mr Hendra Widjaja has met the requisite standards as required by the CG Code.

Upon the passing of Ordinary Resolution 4 proposed in item 7 above, Mr Kasim Rusmin shall be appointed as the Alternate Director of Mr Hendra Widjaja.

Notice of Annual General Meeting

- (iii) Ordinary Resolution 5 proposed in item 8 above, is to appoint a new independent non-executive director, Mr Goh Kian Chee. Key information and the profile of Mr Goh Kian Chee can be found on page 7 of the Annual Report. Mr Goh Kian Chee will be appointed under Article 118 of the Company's Articles of Association and will fill the office being vacated by Mr Heng Hang Siong who will be resigning as a Director of the Company at the conclusion of the Annual General Meeting. Mr Goh Kian Chee has been nominated by PT Indofood and has given his consent to his nomination and his candidature for the office. The Nominating Committee has reviewed Mr Goh Kian Chee's information and profile and is satisfied that Mr Goh Kian Chee has met the requisite standards as required by the CG Code. The Nominating Committee is also satisfied of Mr Goh Kian Chee's independence under the CG Code.
- (iv) Ordinary Resolution 8 proposed in item 12 above, if passed, is to empower the Directors to issued shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 8 (including shares to be issued in pursuance of instruments made or granted) shall not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares of the Company, with a sub-limit of twenty per cent. (20%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution). For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares of the Company will be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of Resolution 8, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 8, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.
- (v) Ordinary Resolution 9 proposed in item 13 above, if passed, is to authorise the Directors to offer and grant options in accordance with the provisions of the CMZ Employee Share Option Scheme 2010 (the "Scheme") and to allot and issue shares under the Scheme up to an amount not exceeding fifteen per cent. (15%) of the total number of issued shares excluding treasury shares of the Company from time to time.

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. A member of the Company which is a corporation is entitled to appoint its authorized representatives or proxies to vote on its behalf.
3. The instrument appointing a proxy must be lodged at the registered office of the Company at 9 Battery Road #15-01 Straits Trading Building Singapore 049910 not less than forty-eight (48) hours before the time fixed for the Annual General Meeting.

CHINA MINZHONG FOOD CORPORATION LIMITED

(Incorporated in Singapore)
(Registration No. 200402715N)

PROXY FORM - ANNUAL GENERAL MEETING**IMPORTANT:**

1. For Investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____ (Name) of
_____ (Address)

being a member/members of China Minzhong Food Corporation Limited (the "Company"), hereby appoint:

Name	Address	NRIC or Passport No.	Percentage of Shareholdings (%)

and/or failing him/her (delete as appropriate)

Name	Address	NRIC or Passport No.	Percentage of Shareholdings (%)

or failing him/her the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at the Bras Basah Room, Level 4 of Raffles City Convention Centre, 80 Bras Basah Road, Singapore 189560 on Monday, 28 October 2013 at 10:00 a.m., and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions	For	Against
	ORDINARY BUSINESS		
1.	Adoption of Reports and Audited Accounts. (Resolution 1)		
2.	Declaration of one-tier tax exempt final dividend of 1 cent per ordinary share in the Company for the financial year ended 30 June 2013. (Resolution 2)		
3.	Appointment of Mr Siek Wei Ting as an Executive Director of the Company. (Resolution 3)		
4.	Appointment of Mr Hendra Widjaja as a Non-Executive Director of the Company. (Resolution 4)		
5.	Appointment of Mr Goh Kian Chee as an Independent Non-Executive Director of the Company. (Resolution 5)		
6.	Payment of Directors' Fees for the financial year ending 30 June 2014, to be paid quarterly in arrears. (Resolution 6)		
7.	Re-appointment of Messrs Crowe Horwath First Trust LLP as Auditors of the Company. (Resolution 7)		
8.	Any other ordinary business.		
	SPECIAL BUSINESS		
9.	Authority for Directors to issue new shares. (Resolution 8)		
10.	Authority for Directors to offer and grant options and to allot and issue new shares under the CMZ Employee Share Option Scheme. (Resolution 9)		

* Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.

Dated this _____ day of _____ 2013

Total Number of Shares held

Signature(s) of member(s)
or Common Seal of Corporate Shareholder

* If no person is named in the space above, the Chairman of the Annual General Meeting shall be my/our proxy to vote, for or against the Resolutions to be proposed at the Annual General Meeting as indicated below, for me/us and on my/our behalf at the Annual General Meeting and at any adjournment thereof.

IMPORTANT (PLEASE READ THE NOTES)

Notes:

1. Please insert the total number of shares held by you. If you have shares registered in your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 9 Battery Road #15-01 Straits Trading Building, Singapore 049910 not less than 48 hours before the time set for the meeting.
4. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.



Since 1971

**CHINA MINZHONG FOOD
CORPORATION LIMITED**

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