



Since 1971

## CHINA MINZHONG FOOD CORPORATION LIMITED

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### For Immediate Release

## CHINA MINZHONG ACHIEVES CONTINUED GROWTH IN 9M2010

- 39.2% increase in revenue to RMB1,136.4 million and 37.9% rise in net profit to RMB294.6 million
- Healthy performance attests to the Group's strategic shift towards higher-value product portfolio, which led to higher average selling prices and sales volume on strong demand
- Strong cash position of RMB440.9 million places Minzhong in a position of financial strength for further expansion
- Minzhong well-positioned to leverage on continued global demand for vegetables

Singapore, 13 May 2010 – China Minzhong Food Corporation Limited (中国闽中食品有限公司) (“Minzhong” or the “Group”) (SGX: K2N.SI), today announced its unaudited financial results for the three months and nine months ended 31 March 2010 (“3Q2010” and “9M2010” respectively).

### Summary of Results

RMB 'million	3Q2010	3Q2009	% Change	9M2010	9M2009	% Change
Revenue	524.1	384.9	+36.2	1,136.4	816.4	+39.2
Gross profit	215.8	163.0	+32.4	446.5	319.9	+39.5
Profit before tax	163.6	145.4	+12.4	349.3	255.3	+36.8
Net profit	135.3	118.0	+14.7	294.6	213.6	+37.9
EBITDA (excluding change in fair value of biological asset)	203.4	160.3	+26.9	427.9	303.9	+40.8
Gross profit margin	41.2%	42.4%	-1.2 ppt	39.3%	39.2%	+0.1 ppt
Net profit margin	25.8%	30.7%	-4.9 ppt	25.9%	26.2%	-0.3 ppt
EBITDA margin	38.8%	41.7%	-2.9 ppt	37.7%	37.2%	+0.5 ppt

## **Review of Results**

Minzhong continued to achieve steady growth in 9M2010, achieving a 39.2% rise in revenue to RMB1,136.4 million from higher sales of both processed vegetables and fresh vegetables produce. Both businesses benefitted from the Group's strategic shift towards a higher-value portfolio, which led to higher average selling prices ("ASP") as well as increased sales volume with the positive reception from customers towards the Group's shift to a higher-value portfolio. Sales volume of fresh vegetables produce increased by 27.0% to 114,072 tonnes, resulting in a 37.6% increase in revenue to RMB373.0 million. Processed vegetables, which recorded 40% revenue growth to RMB763.4 million, benefitted from a 21.7% rise in ASP as well as a 15.0% increase in sales volume to 71,874 tonnes. Air-dried vegetables in particular, which is a higher-value product, saw a 100.4% jump in sales during the period.

In tandem with the revenue growth, the Group's gross profit rose 39.5% to RMB446.5 million while net profit increased to RMB294.6 million in 9M2010. Gross profit margin maintained at above 39% while net profit margin maintained at above 25%. Pro forma earnings per share<sup>1</sup> for 9M2010 was RMB0.54.

On the balance sheet level, the Group's financial position remained strong, with cash position at RMB440.9 million as at 31 March 2010. Meanwhile total assets reached RMB1,892.4 million as at 31 March 2010, as compared to RMB1,423.8 million as at 30 June 2009. The increase in total assets was mainly attributable to higher cash and bank balances and trade receivables in line with the increase in revenue, coupled with capital expenditure for land improvement and further expansion of the Group's production facilities as the Group continued to execute its expansion strategy to cater to rising demand. Pro forma Group net asset value per share<sup>2</sup> as at 31 March 2010 was RMB4.06.

## **Outlook**

Commenting on the Group's financial performance, Chief Executive Officer and Executive Director of Minzhong, Mr Lin Guo Rong (林国荣) said, "The Group continued to reap the fruits of our strategic focus towards a higher-value portfolio of products. We believe that the global

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<sup>1</sup> Calculated based on post-initial public offering share capital of 549,079,000 shares, taking into account the potential dilutive effect of share options

<sup>2</sup> Calculated based on post-initial public offering share capital of 537,423,000 shares

demand for vegetables will continue to increase, underpinned by global population growth and rising health consciousness and affluence leading to a preference for healthier diets and more varied vegetable choices. Our listing on the SGX Mainboard in April 2010 which raised net proceeds of approximately S\$135.5 million for the Group, coupled with our position of financial strength, have provided us with a solid platform to execute our expansion plans.

In addition, in recognition of our established track record, strong reputation and position as a leading agricultural enterprise in the PRC<sup>3</sup>, Minzhong has once again been named a “National Leading Dragon Head Enterprise” by the PRC government in May 2010, and this is an honour that the Group has received since December 2002. We will build on our strong foundation and good relationships with global and domestic customers to gain market share by expanding our cultivation bases, product range and processing facilities. We believe that with our clear and focused growth strategies in place, Minzhong is well-positioned to take advantage of opportunities from the continued strong demand for vegetables and increasing importance of the PRC as a vegetables supplier.”

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### **About China Minzhong Food Corporation Limited**

Listed on the Mainboard of the Singapore Exchange in April 2010, Minzhong is a leading, internationally accredited, integrated vegetables processor in the People’s Republic of China (“PRC”). Operating since 1971, Minzhong has numerous cultivation bases in the PRC and since inception, has distributed its products to over 25 different countries around the world. Its key products consist of fresh vegetables produce and more than 100 types of processed vegetables, which include air-dried, freeze-dried, fresh-packed and brined products. Minzhong’s products have been awarded numerous international and domestic awards and certifications, including the ISO22000 (which incorporates the HACCP standards) and ISO 9001 standards, a testament to Minzhong’s high quality standards. Some of Minzhong’s fresh produce have been certified “Organic” by BCS Oko-Garantie GmbH, the German body which certifies organic standards imposed by the European Union.

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<sup>3</sup> People’s Republic of China

For more information, please visit [www.chinaminzhong.com](http://www.chinaminzhong.com)

*The initial public offering of the Company was sponsored by J.P. Morgan (S.E.A.) Limited Kim Eng Corporate Finance Pte. Ltd. and Macquarie Capital (Singapore) Pte. Limited (the 'Joint Issue Managers'). The Joint Issue Managers assume no responsibility for the contents of this announcement.*

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**Issued for and on behalf of China Minzhong Food Corporation Limited**

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