



CHINA MINZHONG FOOD CORPORATION LIMITED

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For Immediate Release

CHINA MINZHONG'S 3QFY2011 NET PROFIT NEAR DOUBLED TO RMB261.1 MILLION ON ROBUST VEGETABLES DEMAND

- 9MFY2011 net profit of RMB469.8 million has surpassed full year net profit of RMB367.5 million in FY2010
- 3QFY2011 revenue grew 34.3% to RMB703.9 million, underpinned by growth in both fresh vegetables produce and processed vegetables segments
- Improvement in 3QFY2011 gross margin by 5.8ppt to 47.0% while net margin increased by 11.3ppt to 37.1%
- Since IPO, Group has more than doubled vegetable farmland area to capitalize on growing demand for vegetables

Singapore, 09 May 2011 – China Minzhong Food Corporation Limited (中国闽中食品有限公司) (“China Minzhong” or the “Group”) (SGX: K2N.SI), today announced its unaudited financial results for the 3 months ended 31 March 2011 (“3QFY2011”) with a 92.9% increase in net profit to RMB261.1 million (3QFY2010: RMB135.3 million). Riding on the strong demand for vegetables, the Group’s net profit of RMB469.8 million for the first nine months in FY2011 has already exceeded the full year net profit of RMB367.5 million in FY2010.

Summary of Results

RMB 'million	3QFY2011	3QFY2010	% Change	9MFY2011	9MFY2010	% Change
Revenue	703.9	524.1	34.3%	1,513.1	1,136.4	33.2%
Gross profit	330.9	215.8	53.3%	635.6	446.5	42.4%
Gross margin (%)	47.0%	41.2%	5.8ppt	42.0%	39.3%	2.7ppt
Profit before tax	299.7	163.6	83.2%	546.6	349.3	56.5%
Net profit	261.1	135.3	92.9%	469.8	294.6	59.5%
Net margin (%)	37.1%	25.8%	11.3ppt	31.0%	25.9%	5.1ppt



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RMB 'million	3QFY2011	3QFY2010	% Change	9MFY2011	9MFY2010	% Change
EBITDA	330.2	185.4	78.1%	615.9	415.9	48.1%
EBITDA margin (%)	46.9%	35.4%	11.5ppt	40.7%	36.6%	4.1ppt

Results Review

China Minzhong continued its steady growth momentum in 3QFY2011 with a 34.3% increase in revenue to RMB703.9 million, underpinned by growth in both its processed vegetables and fresh vegetables produce segments. For the nine months ended 31 March 2011, processed vegetables contributed 69.0% of total revenue while fresh vegetables produce accounted for the remaining 31.0%.

Revenue from the processed vegetables grew 26.1% to RMB501.3 million in 3QFY2011, driven by a continued focus towards a higher-value product portfolio, which lifted average selling prices by 29.5%. Revenue from fresh vegetables produce increased 60.1% to RMB202.7 million, attributed to a 46.1% growth in cultivation volume and higher average selling prices. The improved cultivation volume comes on the back of better yield from maturing farmland and newly acquired farmland, of approximately 9,000 mu, making maiden contributions in 3QFY2011.

3QFY2011 gross profit grew 53.3% to RMB330.9 million, in tandem with the increase in revenue. Overall gross profit margin improved by 5.8ppt to 47.0%, on the back of better gross profit margins for both processed vegetables and fresh vegetables produce.

Earnings before interest, tax, depreciation and amortization ("EBITDA") increased 78.1% to RMB330.2 million, with a 11.5ppt improvement in EBITDA margin to 46.9%. On the back of higher revenue growth, better gross profit margins and reduced interest expenses on lower bank loans, the Group also recorded higher profit before tax and net profit attributable to shareholders. Net margin improved correspondingly from 25.8% in 3QFY2010 to 37.1% in 3QFY2011.



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Results Review (continued)

Net cash generated from operating activities improved from RMB100.9 million in 3QFY2010 to RMB226.6 million in 3QFY2011, in line with the higher revenue. Net cash used in investing activities rose from approximately RMB1.0 million in 3QFY2010 to RMB692.4 million in 3QFY2011, on the back of (i) acquiring property, plant and equipment; and (ii) capital expenditure on leasing of cultivation bases and associated cost incurred on land improvement for cultivation bases. With the disbursement of more funds for expansion, Group's cash and cash equivalents totaled RMB669.0 million as at 31 March 2011, compared to RMB1,170.5 million at the beginning of the financial year (1 July 2010).

Commenting on the Group's financial performance, Chief Executive Officer and Executive Director of China Minzhong, Mr Lin Guo Rong (林国荣) said, "The third quarter is a seasonally strong quarter and this year, we are benefiting from the continued strong demand for vegetables and the fruits of our expansion plans. We have begun harvesting from approximately 9,000 mu of newly acquired farmland and more contributions are expected in the coming quarters. Besides capacity expansion, we will also continue to maintain our strategic focus on higher-value products such as king oyster mushrooms and black fungus to further sharpen our competitive edge."

Outlook

China Minzhong continues to benefit from the strong global demand for both fresh and processed vegetables, underpinned by increased urbanization, rising affluence, strategy in targeting at higher-value products (such as king oyster mushrooms and black fungus) and superior efficiency from corporate farming as opposed to individual farming. While there has been a recent correction in vegetable prices on the back of food inflation curbing measures and over-supply of certain speculated vegetables, the Management views the effects to be short-lived.



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Outlook (continued)

Since IPO, China Minzhong has more than doubled its total vegetable farmland area. This puts the Group on track to achieve its target of adding 90,000 mu of new farmland by end FY2013. Under the current land inflationary environment, the Group may accelerate its expansion to lock in the land lease costs.

Commenting on the Group's expansion, Chief Executive Officer and Executive Director of China Minzhong, Mr Lin Guo Rong (林国荣) said, "The doubling of our vegetable farmland area in the first year after IPO is a strong testimonial of the Group's execution capabilities in delivering its IPO promise. Meanwhile, we are rounding up the construction of the first production line of our new processing factory in Putian to commence operations in the new financial year. Our enhanced cultivation and processing capabilities will better position us as a leading player in the vegetable supply industry in the PRC."

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About China Minzhong Food Corporation Limited

Listed on the Mainboard of the Singapore Exchange in April 2010, China Minzhong is a leading, internationally accredited, integrated vegetables processor in the People's Republic of China ("PRC"). Operating since 1971, China 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. China 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 China 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.

For more information, please visit 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.

Issued for and on behalf of China Minzhong Food Corporation Limited

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