



CHINA MINZHONG FOOD CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

CHINA MINZHONG FY2012 NET PROFIT INCREASED 19.9% TO RMB679.6 MILLION

- 3rd consecutive year of growing profitability since public listing
- 4QFY12 net profit rose 76.4% as a result of sales rollover due to delayed winter and late start in operating peak season.
- FY2012 revenue grew 33.2% to RMB2,568.8 million, driven by better performances in both Cultivation and Processed business divisions.
- Increasing focus on industrialized farming to take advantage of better yield and mitigate against rising labour costs and potential labour shortages in the future.

Singapore, 27 Aug 2012 – China Minzhong Food Corporation Limited (中国闽中食品有限公司) (“China Minzhong” or the “Group”) (SGX: K2N.SI; Bloomberg quote: MINZ SP), today announced its financial results for the full year ended 30 June 2012 (“FY2012”) with a 19.9% increase in net profit to RMB679.6 million (FY2011: RMB566.7 million). For the three months ended 30 June 2012 (“4QFY2012”), net profit was up by 76.4% to RMB171.0 million as a result of sales rollover due to a delayed winter and corresponding late start in the operating peak season.

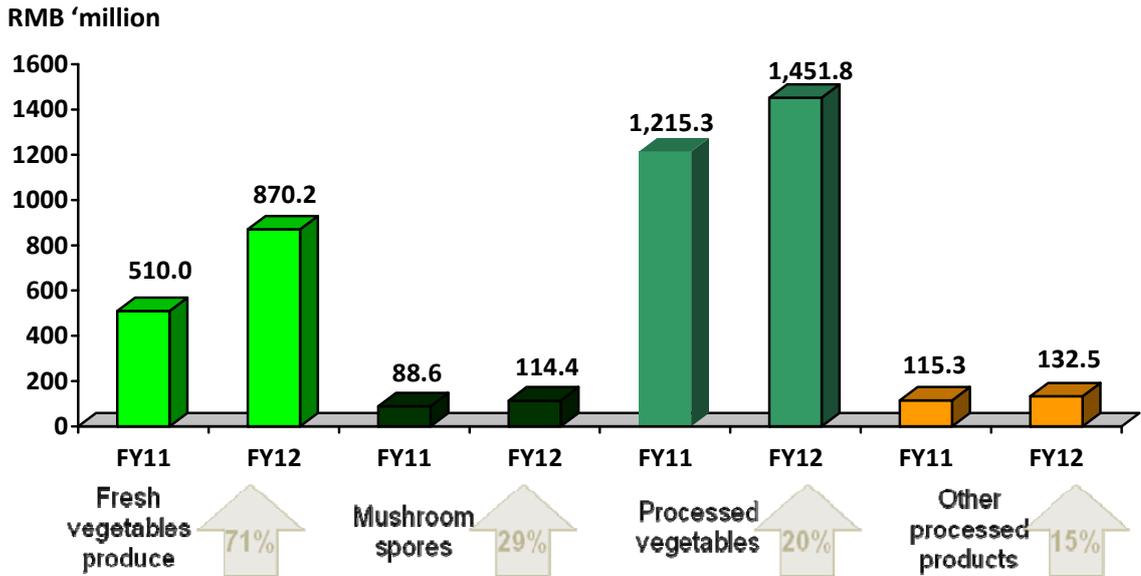
Summary of Results

RMB 'million	FY2012	FY2011	% Change	4QFY2012	4QFY2011	% Change
Revenue	2,568.8	1,929.2	33.2%	803.5	416.1	93.1%
Gross profit	985.9	800.6	23.1%	289.9	165.0	75.7%
Gross margin (%)	38.4%	41.5%	(3.1ppt)	36.1%	39.6%	(3.5ppt)
Net profit	679.6	566.7	19.9%	171.0	96.9	76.4%
Net margin (%)	26.5%	29.4%	(2.9ppt)	21.3%	23.3%	(2.0ppt)

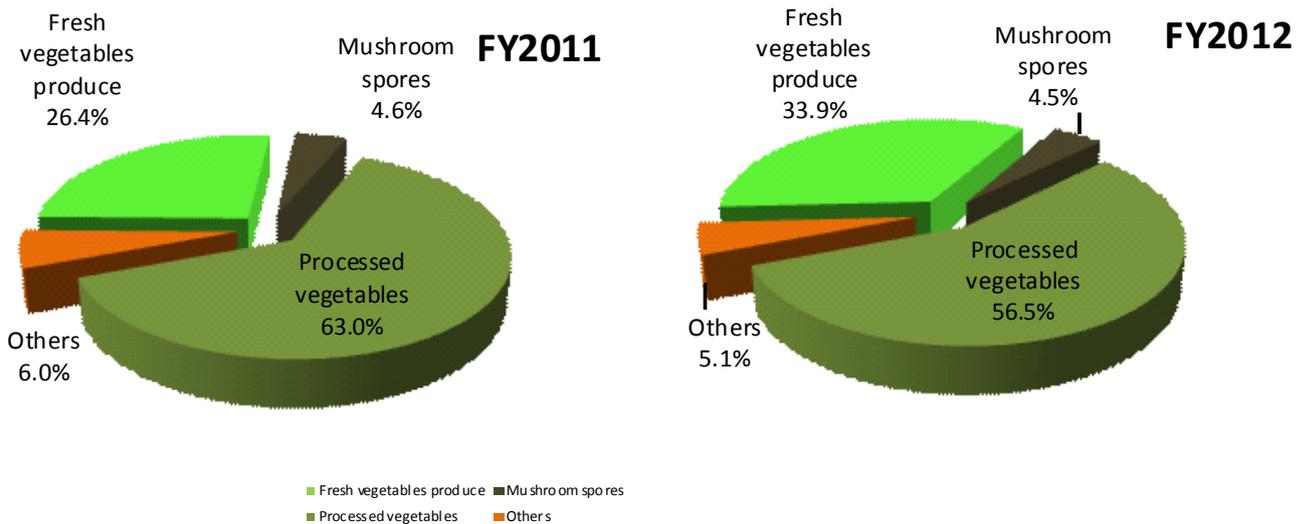


Review of Results

Revenue breakdown by segments



Revenue percentage contribution by segments





Review of Results (Continued)

For the full year ended 30 June 2012, Group's revenue increased by 33.2% to RMB2,568.8 million, underpinned by better performances across both the Cultivation and Processed Business divisions. As a proportion of sales, contributions from the Cultivation Business division (comprising of fresh vegetable produce and mushroom spores) increased to 38.4% (FY2011: 31.0%) as a result of faster growing domestic demand while the Processed Business division accounted for the remaining 61.6%.

Revenue from processed vegetables increased by 19.5% to RMB1,451.8 million, as the Group sold more brined and fresh-packed products to the Americas and Asia markets respectively. At the same time, revenue from other processed products also rose 14.9% to RMB132.5 million, driven by increasing domestic demand for the Group's branded products such as vegetables and fruits beverages.

Revenue from fresh vegetables produce increased by 70.6% to RMB870.2 million, on the back of improving cultivation yield per mu and a larger contributing farmland area. Riding on the healthy order books for the Group's champignon mushrooms, revenue from mushroom spores also increased 29.1% to RMB114.4 million.

The arrival of the winter season, whose cool temperature is essential for the cultivation of the Group's peak season crops, such as champignon mushrooms, was delayed in this financial year. This resulted in a shift in the Group's operating peak season from the months of "December to April" in normal years to "January to May" in this financial year. As a result of sales rollover, the Group recorded a 93.1% jump in last quarter's (4QFY12) sales to RMB803.5 million.

In line with higher revenue, the Group's gross profit for the year in review rose 23.1% to RMB985.9 million. However, Group's gross margin slipped 3.1ppt to 38.4% due to higher raw material costs and increased wages following series of food inflation as well as the kick-in of depreciation charges from the Group's New Industrial Park. As of end June 2012, Phase 1 of the



New Industrial Park (which became operational in December 2011), has yet to achieve optimum utilization while Phase 2 is scheduled for completion by December 2012.

For the year in review, the Group recorded a loss on fair value of biological assets amounting to RMB8.0 million, due to the natural progression over the remaining lease term of the bamboo plantation. On the other hand, the Group's other income increased by RMB13.5 million, mainly arising from more government grants received as a subsidy to our interest expenses and capital expenditure.

Selling and distribution expenses increased by RMB62.6 million on the back of higher freight and transportation expenses in line with sales growth as well as higher marketing and advertising expenses. Administrative expenses rose by RMB18.3 million as a result of an increase in non-cash amortization of operating lease prepayments for new farmland which has yet to contribute in earlier part of FY2012, and higher staff costs due to continued business expansion. Finance expenses also increased by RMB29.9 million due to increased bank borrowings for funding the Group's working capital needs.

The Group generated net operating cash flow of RMB359.1 million in FY2012, compared to RMB479.8 million in FY2011. Due to the late start in the operating peak season, the Group is still in the midst of collecting back most of the account receivables recorded in the last quarter. Net cash used in investing activities amounted to RMB733.1 million while net cash generated from financing activities amounted to RMB279.5 million. As at 30 June 2012, the Group recorded cash and cash equivalents of RMB66.2 million.

Commenting on the results, the Group's Executive Chairman Mr. Lin Guo Rong (林国荣) said, "We are pleased to deliver the 3rd consecutive year of growing profitability since our public listing in 2010. Despite the ongoing European crisis, the export demand for our processed vegetables products remained steady as we shifted our overseas sales focus to the South American and Asian markets in the past financial year. Our comprehensive processing capabilities have given us an edge over our competitors by offering the flexibility to switch between different processing



methods to cater to different consumer preferences across various markets. At the same time, we are also experiencing increasing demand in the local PRC market as a result of population growth and rising urbanization. We will continue to build on our strengths and tap on the existing government support to capitalize on these opportunities.”

Outlook

The agricultural sector in PRC remains well supported by the government, as part of its efforts to enhance national food security and improve the livelihood of its rural population. According to the National Bureau of Statistics of China, the proportion of China’s urban population has surpassed that of the rural area for the first time as at end 2011, hitting 51.3%. Faced with a shrinking farming labour force to feed a growing population, the government is pushing for greater farming efficiency through the acceleration of development of modern agriculture in its latest 12th Five Year plan (2011 – 15).

While promoting more investment in the agriculture sector, the governments supports the collectivization of farmland by corporations and provides exemptions on agricultural tax. In the first policy document (No. 1 Document) for 2012, the PRC government also emphasized the importance of scientific and technological innovation for sustained agricultural growth and will play a leading role in financing these innovations through grants and subsidies.

Capitalizing on the positive business environment, the Group continues to see steady demand for its vegetables products, both domestically and overseas, underpinned by population growth, rising urbanization and increased preferences for healthy dietary eating habits.

Commenting on the business outlook, Mr. Lin Guo Rong (林国荣) said, “While food inflation has moderated over the past few months, we are also seeing some stabilization in our input costs. Going forward, we will be increasing our focus on more industrialized farming which offers us better yield and returns on investment. The more standardized and less labour intensive procedures for industrialized farming will also help us to cushion against rising labour costs and potential labour shortages in the future.”



In view of the global economic uncertainty, the Group will also continue its ongoing efforts in closely monitoring the debt and credit situation amongst the European countries, recovery of the U.S. economy and their potential impacts on our operations.

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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 26 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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