



CHINA MINZHONG FOOD CORPORATION LIMITED

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For Immediate Release

CHINA MINZHONG RECORDS 54.2% GROWTH IN FY2011 NET PROFIT TO RMB566.7 MILLION

- Revenue grew 35.6% to RMB1929.2 million, driven by increased sales in both cultivation and processed business segments
- Gross margin improved 1.1 ppt to 41.5%, underpinned by an improved product mix
- New capacities added in FY2011 expected to start contributions in new financial year; rest of expansion plans remain on track

Singapore, 29 Aug 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 full year ended 30 June 2011 (“FY2011”) with a 54.2% increase in net profit to RMB566.7 million (FY2010: RMB367.5 million).

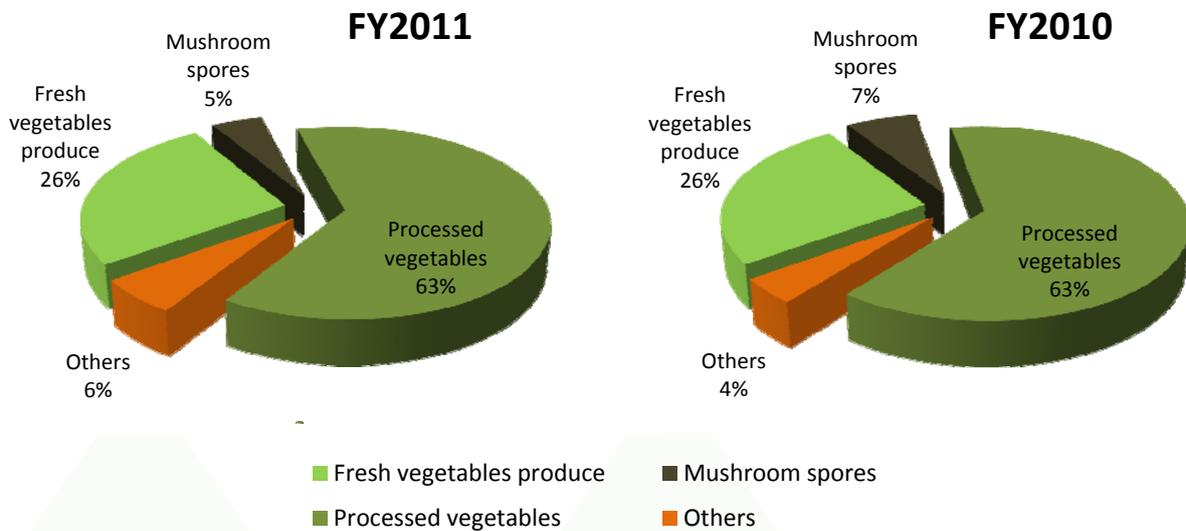
Summary of Results

RMB 'million	FY2011	FY2010	% Change	4Q FY2011	4Q FY2010	% Change
Revenue	1,929.2	1,422.6	35.6%	416.1	286.2	45.4%
Gross profit	800.6	574.3	39.4%	165.0	127.9	29.0%
Gross margin (%)	41.5%	40.4%	1.1ppt	39.6%	44.7%	(5.1ppt)
Profit before tax	653.8	432.7	51.1%	107.2	83.4	28.5%
Net profit	566.7	367.5	54.2%	96.9	72.9	32.9%
Net margin (%)	29.4%	25.8%	3.6ppt	23.3%	25.5%	(2.2ppt)
EBITDA	769.6	520.2	47.9%	152.3	104.3	46.1%
EBITDA margin (%)	39.9%	36.6%	3.3ppt	36.9%	36.4%	0.5ppt



Review of Results

Revenue breakdown



Revenue grew 35.6% to 1,929.2 million, driven by increased sales in both the Group's cultivation and processed business segments. The cultivation business segment (comprising of both fresh vegetables produce and mushroom spores) contributed 31% of total revenue in FY2011, while the processed business segment (comprising of processed vegetables and other products) accounted for the remaining 69.0%.

Revenue from fresh vegetables produce increased by 38.7% to RMB510.0 million, on the back of a 33.1% growth in cultivation volume, which was in turn, boosted by (i) improving yield from maturing farmland (ii) fresh contributions from newly acquired farmland. Underpinned by an improved product mix and higher average selling price, the Group also recorded a 34.9% growth in revenue from the processed vegetables to RMB314.4 million.



In line with the higher revenue, gross profit increased by 39.4% to RMB800.5 million. Overall gross margin improved by 1.1ppt to 41.5%, driven by a better product mix but partially offset by lower productivity from new farmland. On average, yield from new farmland takes about 3 years to reach optimum yield. Earnings before interest, tax, depreciation and amortization (“EBITDA”) increased 47.9% to RMB769.6 million, with a 3.3ppt improvement in EBITDA margin to 39.9%. The Group ended the financial year with a positive note, reporting an increase in basic earnings per share (on proforma basis) from RMB0.67 in FY2010 to RMB1.02 in FY2011.

The Group continued to generate healthy net cash from operations of RMB487.8 million in FY2011. Net cash used in investing activities amounted to RMB1,852.1 million in FY2011, on the back of funding for (i) new purchases and prepayments for property, plant and equipment (ii) land use rights for processing operations (iii) operating lease prepayments to farmers (iv) land improvement costs on new farmland. Cash conversion days, improved to 39 days in FY2011, compared to 60 days in FY2010 as a result of better working capital management.

Commenting on the Group’s financial performance, Chief Executive Officer and Executive Director of China Minzhong, Mr Lin Guo Rong (林国荣) said, “We are pleased to report another set of stellar performance in FY2011 – our 1st full financial year post listing. Besides benefiting from food inflation trends and our strategic focus on higher-value products, the past financial year has also set the stage for the Group’s next phase of growth with the kick-start of our expansion plans. Building on our established track record in food safety, quality assurance and specialized product knowledge, we will continue to fortify our market position as one of the leading players in our industry.”



Outlook

China Minzhong continues to ride on the increasing consumption of vegetables worldwide and the strong PRC government support in the agriculture sector. Despite the prevailing market volatility and recession worries, the Group draws comfort from the ongoing stable demand for food and increased preferences for healthy dietary meals. At the same time, vegetable prices have also rebounded from their lows in April, after a series of supply disruptions resulting from droughts and floods in recent months.

Capitalizing on the strong demand, Chief Executive Officer and Executive Director of China Minzhong, Mr Lin Guo Rong (林国荣) commented, “The Group has effectively doubled its cultivation capacity in the past financial year and expects all the newly acquired farmland to be contributing to our revenue by end of 2011.”

Meanwhile, the Group is also making headway in its expansion into the higher value products, such as organic vegetables, king oyster mushrooms and black fungus, which are expected to increase their revenue contributions going forward. Since its first harvest of organic vegetables last November, the Group has been extending its organic footprint across Fujian province through six organic specialty stores and a local supermarket chain. The Group also recently announced a doubling in its king oyster mushroom capacity from 4 tons/day to 8 tons/day after the commencement of operations at its new Tianjin facilities. This capacity bar is targeted to increase to 15 tons/day and 24 tons/day by the end of calendar years 2011 and 2012 respectively.

Barring any unforeseen circumstances, the Board of Directors expects the Group to maintain its growth momentum in the new financial year FY2012.

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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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