



CHINA MINZHONG FOOD CORPORATION LIMITED

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For Immediate Release

CHINA MINZHONG 1HFY2012 NET PROFIT UP 28.4% TO RMB267.8 MILLION

- 1HFY2012 revenue grew 25.1% to RMB1,012.2 million, underpinned by strong demand in both Cultivation and Processed Business divisions.
- 1HFY2012 gross margin stable at 38.1%.
- Approximately 5,000 mu of new farmland started cultivation in 2QFY2012, while another 17,000 mu of new farmland to start in 2nd half of FY2012.
- Healthy export orderbook on hand to boost capacity utilization at New Industrial Park.

Singapore, 13 February 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 six months ended 31 December 2011 (“1HFY2012”) with a 28.4% increase in net profit to RMB267.8 million (1HFY2011: RMB208.7 million). For the three months ended 31 December 2011 (“2QFY2012”), the Group recorded an 11.8% increase in net profit to RMB174.7 million.

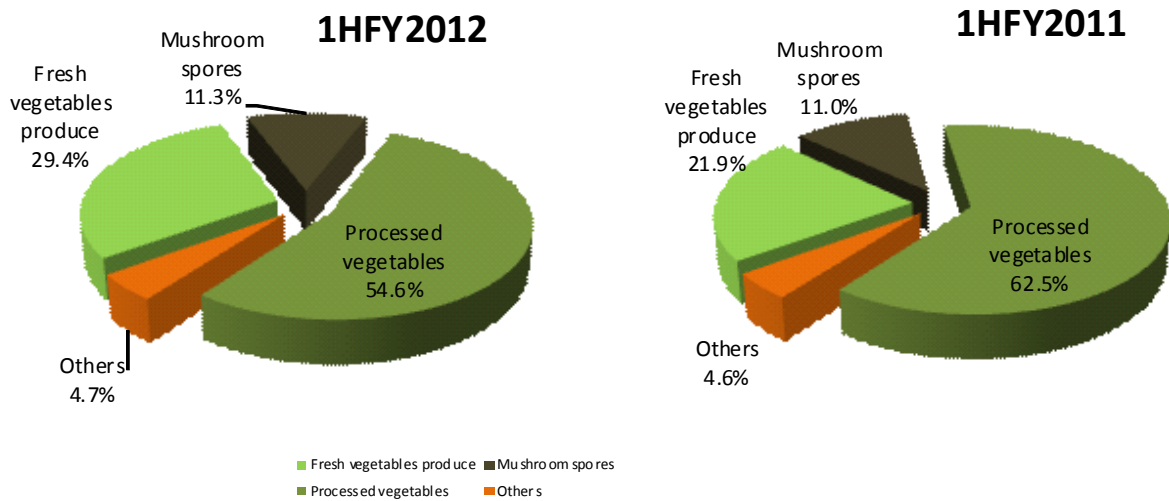
Summary of Results

RMB 'million	1HFY2012	1HFY2011	% Change	2QFY2012	2QFY2011	% Change
Revenue	1,012.2	809.2	25.1%	650.8	545.1	19.4%
Gross profit	385.2	304.7	26.4%	238.2	217.4	9.5%
Gross margin (%)	38.1%	37.7%	0.4ppt	36.6%	39.9%	(3.3ppt)
EBITDA	380.9	285.7	33.3%	232.9	207.7	12.1%
EBITDA margin (%)	37.6%	35.3%	2.3ppt	35.8%	38.1%	(2.3ppt)
Net profit	267.8	208.7	28.4%	174.7	156.3	11.8%
Net margin (%)	26.5%	25.8%	0.7ppt	26.8%	28.7%	(1.9ppt)



Review of Results

Revenue breakdown



For the six months ended 31 December 2011 (“1HFY2012”), Group’s revenue increased 25.1% to RMB1,012.2 million, underpinned by better performances in both the Group’s cultivation and processed business segments. The processed business segment (comprising of processed vegetables and other processed products¹) contributed 59.3% of total revenue in 1HFY2012 while the cultivation business segment (comprising of both fresh vegetables produce and mushroom spores) accounted for the remaining 40.7%.

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, resulting in the rollover of some sales from 2QFY12 to 3QFY12. The late winter pattern this financial year was in line with the holdback for the bulk of our mushroom spores (“seeds” for mushrooms cultivation) sales till the 2nd quarter, whereas most of our mushroom spores sales

¹ Include IQF processed products, vegetable and fruit beverages and other miscellaneous products.



were transacted during the 1st quarter in FY11. Correspondingly, the delayed winter led to a late start in the cultivation of champignon mushrooms, the Group's largest product by revenue.

1HFY2012 revenue from processed vegetables increased by 9.2%, driven by a shift towards a higher-value processed vegetables portfolio and higher average selling prices. On the same note, revenue from other processed products also grew 28.3% to RMB47.9 million on the back of strong domestic demand for the Group's branded products, such as vegetables and fruit beverages.

Revenue from fresh vegetables produce also increased by 67.9% to RMB297.7 million, underpinned by contributions from new farmland and an improved product mix. Compared to 1HFY2011, cultivation volume rose 40.3% to 71,133 tonnes in 1HFY2012. Average selling price for fresh vegetables produce also recorded a 19.7% increase y-o-y, aligned with the Group's shift towards higher value products. Similarly, sales from mushroom spores increased 29.1% to RMB114.4 million, driven by strong order books for champignon mushrooms.

In line with the higher revenue, gross profit increased by 26.4% to RMB385.2 million. Overall gross margin remained stable at 38.1% (1HFY2011: 37.7%). Other income, net, more than doubled to RMB12.6 million, mainly due to increased rental income from leasing farmland to third parties and higher government grants. Earnings before interest, tax, depreciation and amortization ("EBITDA") increased 33.3% to RMB380.9 million in 1HFY2012 while EBITDA margin improved 2.3ppt to 37.6%.

The Group continued to generate healthy operating cash flow of RMB132.6 million in 1HFY2012 (1HFY2011: RMB98.0 million). Net cash used in investing activities amounted to RMB326.4 million, mainly for (i) new purchases and prepayments for property, plant and equipment and (ii) land improvement costs on new farmland. Net cash generated from financing activities was RMB91.8 million on the back of proceeds from bank loans (net of repayment and interest expenses) and government grants received. As at 31 December 2011, the Group had cash & cash equivalents of RMB58.3 million and a net gearing of 11%.



Commenting on the Group's financial performance, Chief Executive Officer and Executive Director of China Minzhong, Mr Lin Guo Rong (林国荣) said, "With the official commencement of operations at our New Industrial Park last December and our last batch of newly acquired farmland turning productive in the 2nd half of this financial year, we are well positioned to embark onto our next phase of growth. With a healthy order book on hand, the Group is confident of emerging stronger from the current global economic uncertainty with our stringent focus on quality assurance, specialized product knowledge and continued innovation."

Outlook

The Group continues to see healthy demand for its vegetable products in both the domestic and overseas markets. This is underpinned by amongst others, rising urbanization, population growth and a shift towards preferences for healthy dietary eating habits which involve higher vegetable consumption.

Capitalizing on the rising demand, the Group has also officially commenced operations at its New Industrial Park, with a processing capacity of approximately 3 times its existing capacity. This New Industrial Park will provide an additional engine of growth as the Group enters the operating peak period with a healthy orderbook. On the cultivation end, approximately 22,000 mu of new farmland is expected to start contributions in FY2012, out of which around 5,000 mu of farmland has already started cultivation and the remaining 17,000 mu will start in 2HFY2012.

To rein in rising food inflation while protecting the incomes of the farmers, the PRC government has recently lifted the value-added tax (VAT) for the distribution of vegetables. Internally, the Group will benefit from lower transportation costs and with inflation subsiding to more comfortable levels, it will also indirectly help to ease rising wage expectations. The Group will also mitigate any increase in costs through the continued shift towards higher value products and by achieving better economy of scale on new farmland, thereby targeting higher selling prices and margin expansion in the long term.



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 and its potential impact on our operation.

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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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