



CHINA MINZHONG FOOD CORPORATION LIMITED

Add: 229 Mountbatten Road, Mountbatten Square, #02-05,
Singapore (398007)
Tel: (65) 6346 7506
Fax: (65) 6346 0787
URL: <http://www.chinaminzhong.com>
Email: ir@chinaminzhong.com

For Immediate Release

CHINA MINZHONG SEEKS TO EXPAND INDUSTRIALIZED FARMING FOOTPRINT ACROSS PRC

- Industrialized farming approach currently adopted for high-yield king oyster mushrooms cultivation at Tianjin and Shanghai facilities.
- Looking to establish new industrialized farming bases in other major China cities to tap on growing demand.
- Annual yield per mu of RMB400,000 for industrialized farming of king oyster mushrooms, versus annual yield per mu of RMB14, 000 for conventional open-field farming.
- Step in the right direction in light of rising labour costs and potential labour shortages in future with increasing urbanization.

Singapore, 18 July 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), is seeking to expand its industrialized farming footprints across PRC. This will pave the path for the increasing modernization of the company’s agricultural operations going forward.



Caption: China Minzhong’s king oyster mushroom cultivation facilities in Shanghai.



Compared to conventional open-field farming, industrialized farming offers added-on advantages such as:

- (1) More standardized and less labour-intensive procedures required for industrialized farming. This will gradually reduce the Group's reliance on labour in the long run, in light of China's rising labour costs and potential labour shortages in the future due to increasing urbanization.
- (2) Better optimization of space due to stack-up methodology, leading to higher yield per mu.
- (3) The ability to grow vegetables even during the off-peak seasons when weather conditions are not conducive. The demand-supply imbalance during the off-peak seasons will generally result in higher selling prices of the agricultural products.
- (4) Centralized, system-controlled and 24 hours-monitoring of cultivation conditions enables real-time fine-tuning of cultivation parameters such as temperature, humidity and air circulation to suit the various phases of cultivation. The detailed and calibrated approach results in yield enhancement and higher quality products.
- (5) Consistent yield which is not susceptible to changes in weather patterns.

Currently, China Minzhong is already adopting an industrialized farming approach for its king oyster mushrooms cultivation at its Tianjin and Shanghai bases. Since the commencement of operations in May 2011, the Group's Tianjin cultivation base has expanded its production capacity of king oyster mushrooms from an initial 4 tons/day to 20 tons/ day currently. The Group's Shanghai cultivation base is operating at a 4 tons/ day capacity.

King oyster mushrooms (杏鲍菇) are considered a delicacy in many Chinese cuisines due to its abalone-like taste and texture. Due to the rising consumer demand and technical expertise involved in the cultivation process, king oyster mushrooms are able to fetch higher selling prices and better gross margins than other mushrooms or vegetables. On the average, the Group records selling prices of RMB10 - 12/kg for its king oyster mushrooms sales, compared to about RMB3 - 4/kg for its overall fresh vegetable portfolio. Gross margin for king oyster mushrooms are also much higher at approximately 60 - 70%, compared to an average of 50% for the Group's overall fresh vegetables.



On an annual yield per mu¹ basis, industrialized farming of king oyster mushrooms fetches approximately RMB400,000 per mu per annum, compared to conventional open-field farming's annual yield per mu at RMB14,000. While the investment and overhead operating expenses for industrialized farming are higher, the Group justifies the higher costs by specializing in higher-yield crops such as king oyster mushrooms. On a return on investment ("ROI") basis, industrialized farming of king oyster mushrooms offers a ROI of 35%, compared to conventional open field farming's ROI of 25%.

Chief Executive Officer and Executive Director of China Minzhong, Mr Lin Guo Rong (林国荣) commented, "The expansion into industrialized farming is a step in the right direction as we fortify our market leading position in high-yield crops and modern agriculture. Currently, we are one of the key suppliers of king oyster mushrooms in the cities of Shanghai, Beijing and Tianjin. Capitalizing on the growing demand, we are looking to establish more king oyster mushroom cultivation facilities in other major cities in the Jiangsu, Fujian, Guangdong, Sichuan and Hubei provinces. Concurrently, we are also experimenting the extension of industrialized farming to other crops such as champignon mushrooms. Once successful, the enhanced farming methodology will help balance the effects of weather seasonality on our crop cultivation and enable us to fetch higher selling prices during the offpeak season."

-- End --

¹ One mu is equivalent to 666.67 square metres.



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

Media Contact

China Minzhong Food Corporation Limited

Dave Tan, Investor Relations Manager

Tel: +65 6346 7506

Mobile: +65 98390350

Email: dave@chinaminzhong.com