



Sino Grandness Food Industry Group Limited
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200706801H)

HALF YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2014

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comparative income or a statement of comprehensive income, for the group together with a comprehensive statement for the corresponding period of the immediately preceding financial year

	<u>2Q</u>			<u>HALF YEAR (HY)</u>		
	<u>Apr – Jun 2014</u>	<u>Apr – Jun 2013</u>	<u>Change</u>	<u>Jan – Jun 2014</u>	<u>Jan – Jun 2013</u>	<u>Change</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>%</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>%</u>
Revenue	816,591	593,311	37.6	1,294,146	967,835	33.7
Cost of sales	(497,170)	(382,397)	30.0	(787,338)	(606,301)	29.9
Gross profit	319,421	210,914	51.4	506,808	361,534	40.2
Other operating income	4,258	3,426	24.3	11,217	9,227	21.6
Distribution and selling expenses	(76,432)	(45,940)	66.4	(147,130)	(77,789)	89.1
Administrative expenses	(22,185)	(21,514)	3.1	(44,265)	(42,372)	4.5
Other operating expenses	(64)	-	100.0	(64)	-	100.0
Finance costs	(6,463)	(4,886)	32.3	(11,234)	(9,798)	14.7
Profit before income tax	218,535	142,000	53.9	315,332	240,802	31.0
Taxation	(57,415)	(39,285)	46.1	(85,813)	(67,829)	26.5
Net profit for the period	161,120	102,715	56.9	229,519	172,973	32.7
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	161,120	102,715	56.9	229,519	172,973	32.7
Profit for the period attributable to:						
Equity holders of the parent	161,238	103,027		229,795	173,556	
Non-controlling interests	(118)	(312)		(276)	(583)	
	161,120	102,715		229,519	172,973	
Total comprehensive income for the period attributable to:						
Equity holders of the parent	161,238	103,027		229,795	173,556	
Non-controlling interests	(118)	(312)		(276)	(583)	
	161,120	102,715		229,519	172,973	

1(a)(ii) Profit before income tax is determined after (charging)/crediting:-

	2Q			Half Year (HY)		
	Apr – Jun	Apr – Jun	Change	Jan – Jun	Jan – Jun	Change
	2014	2013		2014	2013	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Depreciation	(8,646)	(1,901)	354.8	(17,277)	(9,032)	91.3
Amortisation :-						
- land use rights	(294)	(346)	(15.0)	(587)	(692)	(15.2)
- subsidy	(33)	(34)	-	(67)	(67)	-
Net exchange gain/(loss)	969	(6,766)	N.M.	1,855	(9,021)	N.M.

Other operating income

Government grants	1,705	4	N.M.	1,707	3,898	(56.2)
Interest income- banks	368	346	6.4	642	635	1.1
Exchange gain	1,996	2,813	(29.0)	8,575	4,334	97.9
Others	189	263	(28.1)	293	360	(18.6)
Total	4,258	3,426	24.3	11,217	9,227	21.6

N.M. – Not meaningful

Note :-

The net exchange gain in HY2014 and 2Q2014 were mainly attributable to the revision of translation rate between Renminbi and USD.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30 June 14	31 Dec 13	30 June 14	31 Dec 13
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	796,323	738,065	20	13
Land use rights	54,470	55,057	-	-
Subsidy	67	134	-	-
Subsidiaries	-	-	1,848	1,848
Amount owing by subsidiaries	-	-	237,496	230,892
Deferred tax assets	1,678	1,678	-	-
Total non-current assets	852,538	794,934	239,364	232,753
Current assets				
Inventories	203,096	45,957	-	-
Trade and other receivables	1,082,849	921,484	10,873	54
Cash and cash equivalents	60,214	91,329	2,557	4,179
Total current assets	1,346,159	1,058,770	13,430	4,233
Current liabilities				
Trade and other payables	105,339	85,977	15,438	9,674
Note payables	44,700	1,550	-	-
Current tax payable	61,651	32,730	-	-
Bank borrowings	23,000	13,000	-	-
Convertible bonds	358,337	349,455	-	-
Total current liabilities	593,027	482,712	15,438	9,674
Net current assets/(liabilities)	753,132	576,058	(2,008)	(5,441)
Non-current liabilities				
Deferred tax liabilities	20,241	20,241	20,241	20,241
Total non-current liabilities	20,241	20,241	20,241	20,241
Net assets	1,585,429	1,350,751	217,115	207,071
Equity				
Equity attributable to equity holders of the Parent				
Share capital	282,578	282,578	282,578	282,578
Retained profits/(Accumulated losses)	1,194,885	990,554	(72,842)	(77,727)
Other reserves	104,172	73,549	7,379	2,220
Total shareholder's funds	1,581,635	1,346,681	217,115	207,071
Non-controlling interests	3,794	4,070	-	-
Total equity	1,585,429	1,350,751	217,115	207,071

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	30 Jun 2014	31 Dec 2013
	RMB'000	RMB'000
Amount repayable in one year or less or on demand		
Secured	23,000	13,000
Unsecured	358,337	349,455
	<u>381,337</u>	<u>362,455</u>
Amount repayable after one year		
Secured	-	-
Unsecured	-	-
	<u>-</u>	<u>-</u>
	<u>381,337</u>	<u>362,455</u>

Details of collaterals:-

The secured bank borrowings are secured by a mortgage over the Group's factory and warehouse premises, land use rights and office units.

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	<u>2Q</u>		<u>Half Year (HY)</u>	
	Apr - Jun	Apr - Jun	Jan - Jun	Jan - Jun
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities:				
Profit before income tax	218,535	142,000	315,332	240,802
Adjustments for:				
Depreciation of property, plant and equipment	8,646	1,901	17,277	9,032
Amortisation of land use rights	294	346	587	692
Amortisation of subsidy	33	34	67	67
Share-based payment expense under ESOS scheme	2,580	-	5,159	-
Interest expenses	6,463	4,886	11,234	9,798
Interest income	(368)	(346)	(642)	(635)
	<u>236,183</u>	<u>148,821</u>	<u>349,014</u>	<u>259,756</u>
Operating cash flows before working capital changes	236,183	148,821	349,014	259,756
(Increase)/decrease in deposits pledged with banks	(2,780)	1,001	6,250	3,493
Increase in inventories	(154,633)	(144,364)	(157,139)	(158,160)
Increase in operating receivables	(223,681)	(126,282)	(161,365)	(191,996)
Increase in operating payables	93,767	119,908	62,512	81,647
	<u>93,767</u>	<u>119,908</u>	<u>62,512</u>	<u>81,647</u>

	<u>2Q</u>		<u>Half Year (HY)</u>	
	Apr - Jun 2014 RMB'000	Apr - Jun 2013 RMB'000	Jan - Jun 2014 RMB'000	Jan - Jun 2013 RMB'000
Cash (used in)/generated from operations	(51,144)	(916)	99,272	(5,260)
Income tax paid	(26,452)	(27,735)	(56,892)	(43,771)
Interest paid	(1,992)	(4,886)	(2,352)	(9,798)
Net cash (used in)/generated from operating activities	<u>(79,588)</u>	<u>(33,537)</u>	<u>40,028</u>	<u>(58,829)</u>
Cash flows from investing activities:				
Acquisition of property, plant and equipment	(59,499)	(44)	(75,535)	(1,331)
Interest received	368	346	642	635
Net cash (used in)/generated from investing activities	<u>(59,131)</u>	<u>302</u>	<u>(74,893)</u>	<u>(696)</u>
Cash flows from financing activities:				
Proceeds from share issue	-	-	-	117,750
Share issue costs	-	-	-	(3,150)
Bank loans obtained	15,000	4,500	15,000	7,500
Bank loans repaid	-	(16,500)	(5,000)	(18,500)
Amount owing to the then shareholders	-	-	-	-
Amount owing to related parties	-	742	-	1,270
Net cash generated from/(used in) financing activities	<u>15,000</u>	<u>(11,258)</u>	<u>10,000</u>	<u>104,870</u>
Net (decrease)/increase in cash and cash equivalents	(123,719)	(44,493)	(24,865)	45,345
Cash and cash equivalents at beginning of period	180,873	222,579	82,019	132,741
Cash and cash equivalents at end of period	<u>57,154</u>	<u>178,086</u>	<u>57,154</u>	<u>178,086</u>
Cash and cash equivalents comprise:				
Cash and bank balances	57,154	178,086	57,154	178,086
Fixed deposits	3,060	2,108	3,060	2,108
	<u>60,214</u>	<u>180,194</u>	<u>60,214</u>	<u>180,194</u>
Less Fixed deposits pledged	(3,060)	(2,108)	(3,060)	(2,108)
	<u>57,154</u>	<u>178,086</u>	<u>57,154</u>	<u>178,086</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share capital	Retained profits	Share Option Reserve	Merger reserve	Statutory common reserve	Attributable to equity holders of the Parent	Non-controlling interests	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group								
Balance at 1 January 2013	167,897	620,492	-	(31,413)	71,708	828,684	4,924	833,608
Profit for the year and representing total comprehensive income for the year	-	401,096	-	-	-	401,096	(788)	400,309
Issuance of shares	117,750	-	-	-	-	117,750	-	117,750
Share issuance expenses	(3,069)	-	-	-	-	(3,069)	-	(3,069)
Share-based payment expenses under ESOS scheme	-	-	2,220	-	-	2,220	-	2,220
Disposal of a subsidiary	-	-	-	-	-	-	(67)	(67)
Transfer to statutory reserve	-	(31,034)	-	-	31,034	-	-	-
Balance at 31 December 2013	282,578	990,554	2,220	(31,413)	102,742	1,346,681	4,070	1,350,751
Profit for the period and representing total comprehensive income for the period	-	229,795	-	-	-	229,795	(276)	229,519
Share-based payment expenses under ESOS scheme	-	-	5,159	-	-	5,159	-	5,159
Transfer to statutory reserve	-	(25,464)	-	-	25,464	-	-	-
Balance at 30 June 2014	282,578	1,194,885	7,379	(31,413)	128,206	1,581,635	3,794	1,585,429

	Share capital	Accumulated losses	Share option reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Company				
Balance at 1 January 2013	167,897	(50,237)	-	117,660
Issue of shares	117,750	-	-	117,750
Share issue costs	(3,069)	-	-	(3,069)
Share-based payment expenses under ESOS scheme	-	-	2,220	2,220
Profit for the year representing total comprehensive income for the year	-	(27,490)	-	(27,490)
Balance at 31 December 2013	282,578	(77,727)	2,220	207,071
Share-based payment expenses under ESOS scheme	-	-	5,159	5,159
Profit for the period representing total comprehensive income for the period	-	4,885	-	4,885
Balance at 30 June 2014	282,578	(72,842)	7,379	217,115

1(d) (ii) Details of any changes in the company’s share capital arising from right issues, bonus issue, share buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the current financial period, there is no change in the share capital of the Company.

The Company has granted options under ESOS scheme that give holders the right to subscribe for ordinary shares between 14 November 2015 and 13 November 2023 at SGD0.60 per share. Options outstanding under ESOS scheme as at 30 June 2014 were 16,710,000.

There were no outstanding convertible securities and treasury shares as at 30 June 2014 and 31 December 2013.

1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30 Jun 2014	As at 31 Dec 2013
Total number of ordinary shares issued and fully paid	587,344,828	587,344,828

The Company does not have treasury shares as at 30 June 2014 and 31 December 2013.

1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on .

Not applicable

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by the Company’s auditors.

3. Where the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of a matter)

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.

Except as set out in note 5 of this announcement, the accounting policies and methods of computation have been consistently applied by the Group and the Company and are consistent with the audited financial statements for the financial year ended 31 December 2013.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

In the current financial period, the Group adopted the revised Financial Reporting Standard (“FRS”) and Interpretation of FRS (“INT FRS”) that are effective for annual periods beginning on and after 1 January 2014 which did not result in substantial changes to the Group’s accounting policies nor had any significant impact on the amounts reported for the current or prior financial period.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends (a) based on the weighted average number of ordinary shares on issue; and (b) on a fully diluted basis (detailing any adjustments made to the earnings).**

Earnings per share (EPS)	<u>2Q</u>		<u>Half Year (HY)</u>	
	Apr – Jun 2014	Apr – Jun 2013	Jan – Jun 2014	Jan – Jun 2013
EPS based on average number of ordinary shares (RMB cents)	27.5	18.3	39.1	30.8
EPS on a fully diluted basis (in RMB cents)	27.4	18.3	39.0	30.8
Weighted average number of ordinary shares ('000)	587,345	562,960	587,345	562,960
Weighted average number of ordinary shares – diluted ('000)	589,542	562,960	589,542	562,960

Basic earnings per share for 2Q2014 and HY2014 are calculated based on the Group profit after taxation of RMB 161,238,000 and RMB 229,795,000 respectively on actual number of ordinary shares issued of 587,344,828.

For comparative purpose, the basic earnings per share for 2Q2013 and HY2013 were calculated based on the Group profit after taxation of RMB 103,027,000 and RMB 173,556,000 respectively on weighted average number of ordinary shares of 562,960,000 which is computed based on 103 days of 28,500,000 (before share split exercise by the Company in September 2013) placement shares issued in March 2013.

The Company had no dilutive equity instruments as at 2Q2013 and HY2013. Therefore, the fully diluted earnings per share for 2Q2013 and HY2013 were the same as the basic earnings per share for 2Q2013 and HY2013.

The fully diluted earnings per share for 2Q2014 and HY2014 were calculated based on the Group profit after taxation of RMB 161,238,000 and RMB 229,795,000 respectively on weighted average number of ordinary shares of 589,542,000 after adjusting for the outstanding options under ESOS scheme.

7. **Net assets value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

Net asset value (NAV)	Group		Company	
	30 Jun 14	31 Dec 13	30 Jun 14	31 Dec 13
Number of ordinary shares	587,344,828	587,344,828	587,344,828	587,344,828
NAV per ordinary share in the Company (RMB cents)	269.3	229.3	37.0	35.3

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must include a discussion of the following: (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonable or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of performance

Revenue

Our revenue increased by approximately RMB326.3 million or 33.7% from RMB967.8 million in HY2013 to RMB1,294.1 million in HY2014. This increase was attributable to the increase of RMB288.0 million, RMB37.9 million and RMB0.4 million from sales of beverage, canned products in domestic and overseas markets respectively. The increase in sales volume of beverage and canned products in domestic markets is mainly due to expansion of distribution network in People's Republic of China ("PRC").

Breakdown of revenue by segments:

	<u>2Q</u>		<u>Change</u>	<u>Half Year (HY)</u>		<u>Change</u>
	<u>Apr – Jun</u> <u>2014</u>	<u>Apr – Jun</u> <u>2013</u>		<u>Jan – Jun</u> <u>2014</u>	<u>Jan – Jun</u> <u>2013</u>	
<u>Product segment</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>%</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>%</u>
<u>Canned products</u>						
- overseas	203,372	197,591	2.9	305,841	305,469	0.1
- domestic	78,566	51,323	53.1	119,024	81,108	46.7
<u>Beverage</u>	534,653	344,397	55.2	869,281	581,258	49.6
<u>Total</u>	816,591	593,311	37.6	1,294,146	967,835	33.7

Gross profit

Largely in line with the increase in the Group's sales, the Group's gross profit increased by approximately RMB145.3 million or 40.2%, from RMB361.5 million in HY2013 to RMB506.8 million in HY2014. Our overall gross profit margin (GPM) improved by 1.8 percentage points, from 37.4% in HY2013 to 39.2% in HY2014. The improvement of our overall GPM was mainly attributable to an increase in the GPM of all segments. The improvement in GPM of canned products in both overseas and domestic markets was largely attributable to the higher average selling price. The improvement in GPM of beverage segment was mainly due to lower cost of raw materials from HY2013 to HY2014.

Operating expenses

Distribution and selling expenses increased by approximately RMB69.3 million or 89.1%, from RMB77.8 million in HY2013 to RMB147.1 million in HY2014. This was mainly due to an increase of RMB10.6 million in transportation costs and RMB57.0 million in advertising and promotion expenses respectively. Increase in transportation costs in HY2014 was mainly attributed to increase in domestic sales of beverage and canned products in PRC. Increase in advertising and promotion expenses was mainly attributed to media broadcasting in conjunction with Spring Food and Beverage exhibition in Chengdu for our domestic sales of beverage in PRC market.

Administrative expenses increased by approximately RMB1.9 million or 4.5%, from RMB42.4 million in HY2013 to RMB44.3 million in HY2014. This was mainly due to increase in depreciation of RMB8.2 million, employee benefit cost of RMB1.1 million and share-based payment expenses under ESOS scheme of RMB5.2 million, partially offset by a decrease of exchange losses of RMB6.8 million.

Finance costs

Finance costs increased by approximately RMB1.4 million or 14.7%, from RMB9.8 million in HY2013 to RMB11.2 million in HY2014. The increase was mainly due to higher note payables and amortization of interest on convertible bonds in HY2014 as compared to HY2013.

Profit before taxation

Profit before taxation increased by approximately RMB74.5 million or 30.1%, from RMB240.8 million in HY2013 to RMB315.3 million in HY2014. The increase was due to an increase in revenue offset by an increase in operating expenses and finance cost.

Review of Balance Sheet

Property, plant and equipment increased by approximately RMB58.2 million from RMB738.1 million in FY2013 to RMB796.3 million in HY2014 as a result of the acquisition of property, plant and equipment offset by depreciation charged during the period under review.

Our inventories increased by approximately RMB157.1 million from RMB46.0 million in FY2013 to RMB203.1 million in HY2014. The increase in inventories over the period under review was in line with Group's increased business activities.

Trade and other receivables increased by approximately RMB161.3 million from RMB921.5 million in FY2013 to RMB1,082.8 million in HY2014. Trade receivables increased from RMB633.6 million in FY2013 to RMB893.4 million in HY2014. The increase was in line with the Group's increased business activities.

Cash and cash equivalents stood at RMB60.2 million as at 30 June 2014, the decrease in cash and cash equivalents was mainly due to acquisition of property, plant and equipment, bank loan repayment and net cash used in operating activities, partially offset by bank loan obtained during the period under review.

Current liabilities increased by RMB110.3 million from RMB482.7 million in FY2013 to RMB593.0 million in HY2014. The increase were mainly attributable to an increase in trade and other payable of RMB19.3 million, note payables of RMB43.2 million, current tax payable of RMB28.9 million, bank borrowing of RMB10.0 million and RMB8.9 million in convertible bonds which was mainly attributable to accretion of the convertible bonds at amortized cost.

Equity attributable to equity holders increased by RMB234.9 million from RMB1,346.7 million as at 31 December 2013 to RMB1,581.6 million as at 30 June 2014. The increase was mainly attributable to net profits in HY2014.

Review of cash flow statement

In HY2014, operating cash flows before working capital changes amounted to RMB349.0 million. The Group used net cash of RMB249.7 million in its operating activities. Working capital changes comprised an increase in inventories of RMB157.1 million and operating receivables of RMB161.4 million partially offset by an increase in operating payables of RMB62.5 million and a decrease in deposit pledged with banks of RMB6.3 million. Net cash used in investing activities amounted to RMB74.9 million in HY2014, which was due mainly to acquisition of property, plant and equipment. In addition, net cash generated from financing activities amounted to RMB10.0 million in HY2014, which was mainly due to bank loan obtained in HY2014.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Our current result is in line with our statement made under paragraph 10 in our first quarter results announcement released on 8 May 2014.

10. A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

China's Gross Domestic Product ("GDP"), driven by government's supportive measures and targeted monetary easing, expanded by 7.5% year-on-year in the second quarter of 2014 ("2Q2014"). The positive GDP figure in 2Q2014 was supported by stabilising industrial production growth and improvement in retail sales. Meanwhile, Consumer Price Index stayed mild at 2.2% in 2Q2014 and retail sales continued to grow at a stable pace. National Bureau of Statistic of China reported average retail sales growth of 12.1% in the first half of 2014.

Chinese consumers, as a result of improved living standard, have shown increasing awareness on health and wellness. They have become more concerned about the quality and safety of food consumed. Both sustained growth in consumer spending and heightened health and wellness awareness augur well for the

fruit juice and canned fruit industry in PRC. As such, the Group remains optimistic about the growth prospects of its own-branded products including 鲜绿园® (“Garden Fresh”) juices and 振鹏达® (“Grandness”) canned fruits.

To capitalize on the potential growth opportunities ahead, the Group will continue to focus on four key areas to drive growth, namely:-

1. Advertising and promotional activities to further increase awareness and brand value;
2. Sales and marketing efforts to expand its distribution network in PRC market;
3. Expansion of production capacity; and
4. Research and development efforts to expand its range of juices and canned food products in order to appeal to a broader group of consumers.

The Group has completed installation and trial run at the new juice production facilities in Hubei Province, PRC (“Hubei Plant”) in 2Q2014 and expected to commence mass production at the Hubei Plant during the second half of 2014. The Hubei Plant is strategically located in the centre region of the PRC and is expected to have a maximum production capacity of approximately 240,000 tons of juice per annum. The Hubei Plant is expected to benefit the Group through the gradual reduction in outsourcing costs and also enable the Group to better manage its production volume.

The Group will continue to participate in various exhibitions and tradeshow in order to expand its distribution network and increase awareness of our products and in-house brands. Further to the success of securing sizeable indicative orders and engaging new distributors at the trade exhibition held in Chengdu, Sichuan Province PRC during last week of March 2014, the Group has also initiated discussion with potential customers as well as making preparation to commence its export business for its beverage products.

Barring unforeseen circumstances, the Group remains optimistic about its overall performance in FY2014.

Update on proposed spin-off

In February 2014, the Group updated that it has engaged relevant professional parties during the fourth quarter ended 31 December 2013 to commence work related to the Propose Spin-Off of its beverage segment under its wholly-owned subsidiary, Garden Fresh (HK) Fruit & Vegetable Beverage Co., Limited and its group of subsidiaries for a listing on an internationally recognised stock exchange (“Proposed Spin-Off”). The relevant work for the Proposed Spin-Off is still on-going and the Company will keep shareholders updated on material developments as and when appropriate.

11. Dividends

Current financial period reported on

Any dividend declared for the current financial period reported on?

None

Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

Date payable

Not applicable

Books closure date

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended.

13. Interested Person Transactions (“IPT”)

The Company has not obtained a general mandate from shareholders for interested person transactions.

14. Statement pursuant to SGX Listing Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited half year financial results for the period ended 30 June 2014 to be false or misleading in any material aspect.

15. Use of net proceeds

The Board refers to the issuance of 28,500,000 shares by the Company in March 2013. As at 6 August 2014, the Group had utilized approximately RMB94.6 million out of the net proceeds of approximately RMB114.6 million. The amount was utilized in accordance to its intended usage to finance the Group’s domestic canned products business activities, including working capital, capital expenditure and sales and marketing expenses. The Company will make further announcements on the use of net proceeds from the placement as and when the funds are materially disbursed.

BY ORDER OF THE BOARD
HUANG YUPENG
CHAIRMAN AND CEO
13 August 2014