



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

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

	4Q		Change %	12-months (FY)		Change %
	Oct – Dec 2019	Oct – Dec 2018		Jan - Dec 2019	Jan - Dec 2018	
	RMB'000	RMB'000		RMB'000	RMB'000	
Revenue	462,252	797,471	(24.4)	3,010,874	3,531,113	(14.7)
Cost of sales	(283,330)	(512,755)	(44.7)	(1,974,931)	(2,318,762)	(14.8)
Gross profit	178,922	284,716	(37.2)	1,035,943	1,212,351	(14.6)
Other operating income	3,846	(296)	N.M.	69,231	38,164	81.4
Distribution and selling expenses	(122,171)	(175,537)	(30.4)	(517,772)	(495,648)	4.5
Administrative expenses	(27,523)	(21,706)	26.8	(181,222)	(146,972)	23.3
Cessation of internal production	-	(227,341)	(100.0)	-	(227,341)	(100.0)
Other operating expenses	-	(48,671)	(100.0)	-	(48,671)	(100.0)
Finance costs	(16,310)	(16,763)	(2.7)	(63,107)	(57,237)	10.3
(Loss)/Profit before income tax and changes in fair value of the option derivatives in relation to convertible bonds	16,764	(205,598)	N.M.	343,073	274,646	24.9
Gain on extinguishment of debt	-	55,017	(100.0)	-	55,017	(100.0)
Fair value loss on derivative on convertible loan	-	(44,105)	(100.0)	-	(44,105)	(100.0)
Changes in fair value of exchangeable bonds	-	36,657	(100.0)	-	36,657	(100.0)
Profit/(loss) before income tax	16,764	(158,029)	N.M.	343,073	322,215	6.5
Income tax expense	(14,173)	(30,839)	(54.0)	(119,983)	(168,453)	(28.8)
Profit/(loss) after income tax	2,591	(187,796)	N.M.	223,091	153,762	45.1
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	2,591	(188,868)	N.M.	223,091	153,762	45.1
Profit attributable to:						
Equity holders of the Parent	2,629	(188,776)		223,364	154,195	
Non-controlling interests	(38)	(92)		(273)	(433)	
	2,591	(188,868)		223,091	153,762	
Total comprehensive income attributable to:						
Equity holders of the Parent	2,629	(188,776)		223,364	154,195	
Non-controlling interests	(38)	(92)		(273)	(433)	
	2,591	(188,868)		223,091	153,762	

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

	4Q			12-months (FY)		
	Oct – Dec	Oct – Dec	Change	Jan – Dec	Jan – Dec	Change
	2019	2018		2019	2018	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Depreciation of property, plant and equipment	(33,880)	(52,382)	(49.6)	(126,720)	(139,744)	(9.3)
Amortisation of land use rights	(599)	(451)	(53.9)	(2,398)	(1,809)	32.6
Net exchange gain	6,402	6,376	(106.2)	373	3,168	(88.2)
Share-based payment expenses under ESOS scheme	-	(1,831)	(100.0)	(4,846)	(12,409)	(60.9)

Other operating income

Government grants	393	(1,077)	(136.7)	450	8	98.2
Interest income – banks	314	403	(22.1)	1,091	2,412	(54.8)
Exchange gain/(loss)	579	(9,501)	(106.1)	63,485	19,544	224.8
Others	2,560	9,879	(74.1)	4,205	16,200	(74.0)
Total	3,846	(296)	N.M.	69,231	38,164	81.4

N.M. – Not meaningful

Note :-

The net exchange gains/losses in FY2019 and FY2018 were mainly attributable to appreciation of net assets of the Group denominated in Singapore Dollar and exchange gains/(losses) from operation arising from exchange rate differences between United States Dollar and Renminbi.

(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	
	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	1,305,022	1,353,360	18	21
Land use rights	104,589	106,988	-	-
Subsidiaries	-	-	329,604	329,604
Amount owing by subsidiaries	-	-	481,635	542,592
Deferred tax assets	5,832	5,832	-	-
Deposit paid for non-current assets	577,305	577,300	-	-
Total non-current assets	1,992,748	2,043,480	811,257	872,217
Current assets				
Inventories	10,726	24,323	-	-
Trade receivables	1,316,320	1,584,684	-	-
Other receivables	939,370	340,650	205	158
Cash and cash equivalents	600,192	621,793	1,528	8,199
Total current assets	2,866,608	2,571,450	1,733	8,357
Current liabilities				
Trade payables	4,152	102,729	-	21,115
Other payables	141,759	114,312	56,256	35,842
Finance leases	12,803	3,405	-	-
Current tax payable	43,244	45,133	-	-
Bank borrowings	215,788	200,897	-	-
Loan from a related party (note)	149,714	144,819	149,714	144,819
Straight bonds	257,437	234,245	-	-
Convertible bonds	484,792	484,792	-	-
Amount owing to subsidiaries	-	-	17,403	70,538
Total current liabilities	1,309,689	1,330,332	223,373	272,314
Net current assets/(liabilities)	1,556,919	1,241,118	(221,640)	(263,957)
Non-current liabilities				
Bank borrowings	-	-	-	-
Finance leases	3,936	2,321	-	-
Deferred tax liabilities	27,741	27,741	1,000	1,000
Total non-current liabilities	31,677	30,062	1,000	1,000
Net assets	3,517,990	3,254,536	588,617	607,260
Equity				
Equity attributable to equity holders of the Company				
Share capital	790,863	755,344	790,863	755,344
Retained profits/(Accumulated losses)	2,428,634	2,217,486	(285,588)	(226,580)
Other reserves	297,167	280,108	83,342	78,496
Total shareholder's funds	3,516,664	3,252,938	588,617	607,260
Non-controlling interests	1,326	1,598	-	-
Total equity	3,517,990	3,254,536	588,617	607,260

Note : Refer to convertible loan from Soleado Holdings Pte. Ltd. ("Soleado")

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

	31 Dec 2019	31 Dec 2018
	RMB'000	RMB'000
Amount repayable in one year or less, or on demand		
Secured	378,305	345,716
Unsecured	746,229	719,037
	<u>1,124,534</u>	<u>1,064,753</u>
Amount repayable after one year		
Secured	3,936	2,321
Unsecured	-	-
	<u>3,936</u>	<u>2,321</u>
	<u>1,128,470</u>	<u>1,067,074</u>

Details of collaterals:-

(1) The secured bank borrowings are secured by a mortgage over the Group's factory and warehouse premises and land use rights.

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

	4Q		12-months (FY)	
	Oct – Dec	Oct – Dec	Jan - Dec	Jan - Dec
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities:				
(Loss)/Profit before income tax	16,764	(158,029)	343,073	322,215
Adjustments for:				
Depreciation of property, plant and equipment	33,880	52,382	126,720	139,744
Change in fair value of the exchangeable bonds	-	(36,657)	-	(36,657)
Property, plant and equipment written off	-	71,714	-	71,714
Impairment loss on plant and equipment	-	107,200	-	107,200
Fair value loss on derivative on convertible loan	-	44,105	-	44,105
Gain on extinguishment of debt	-	(55,017)	-	(55,017)
Amortisation of land use rights	599	451	2,398	1,809
Share-based payment expenses under ESOS scheme	-	1,831	4,846	12,409
Loss on disposal of property, plant and equipment	-	9	-	9
VAT receivable written off	-	13,676	-	13,676
Inventories written off	-	1,983	-	1,983
Advances to acquire patents written off	-	16,200	-	16,200
Trade debts written off	-	12,981	-	12,981
Interest expenses	16,310	16,763	63,107	57,237
Interest income	(314)	(403)	(1,091)	(2,412)
Exchange loss	-	14,201	-	14,201

	4Q		12-months (FY)	
	Oct – Dec	Oct – Dec	Jan - Dec	Jan - Dec
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Operating cash flows before working capital changes	67,239	103,390	539,053	721,397
Increase in restricted bank balances	-	(197)	-	(197)
Decrease in inventories	45,056	19,069	13,597	11,976
Decrease/(increase) in operating receivables	136,159	197,593	(330,356)	(202,673)
Decrease in operating payables	<u>(123,322)</u>	<u>(49,366)</u>	<u>(71,131)</u>	<u>(3,924)</u>
Cash generated from operations	125,132	270,489	151,163	526,579
Income tax paid	(29,989)	(37,757)	(121,870)	(165,277)
Interest paid	<u>(8,673)</u>	<u>22,134</u>	<u>(26,460)</u>	<u>(68)</u>
Net cash generated from operating activities	<u>86,470</u>	<u>254,866</u>	<u>2,833</u>	<u>361,234</u>
Cash flows from investing activities:				
Acquisition of property, plant and equipment	(53,098)	150,742	(78,382)	(172,648)
Proceeds from disposal of PPE	-	207	-	207
Deposit for non-current assets	-	(149,228)	(5)	(215,293)
Interest received	<u>314</u>	<u>403</u>	<u>1,091</u>	<u>2,412</u>
Net cash (used in)/generated from investing activities	<u>(52,784)</u>	<u>2,124</u>	<u>(77,296)</u>	<u>(385,322)</u>
Cash flows from financing activities:				
Decrease in deposits pledged with banks	-	27,338	7,529	28,112
Issue of shares	-	-	35,519	-
Repayment of finance leases	(9,947)	(5,616)	(16,853)	(5,616)
Bank loans obtained	20,001	-	79,867	53,670
Bank loans repaid	(1,000)	(33,787)	(45,670)	(83,075)
Interest paid	<u>-</u>	<u>(12,919)</u>	<u>-</u>	<u>(12,919)</u>
Net cash generated from/(used in) financing activities	<u>9,054</u>	<u>(24,984)</u>	<u>60,390</u>	<u>(19,828)</u>
Net increase/(decrease) in cash and cash equivalents	42,740	232,006	(14,073)	(43,916)
Cash and cash equivalents at beginning of period/year	<u>557,452</u>	<u>409,701</u>	<u>614,265</u>	<u>658,181</u>
Cash and cash equivalents at end of period/year	<u>600,192</u>	<u>382,259</u>	<u>600,192</u>	<u>614,265</u>
Cash and cash equivalents comprise:				
Cash and bank balances	600,192	614,265	600,192	614,265
Fixed deposits	<u>-</u>	<u>7,528</u>	<u>-</u>	<u>7,528</u>
	<u>600,192</u>	<u>621,793</u>	<u>600,192</u>	<u>621,793</u>
Less : Fixed deposits pledged	<u>-</u>	<u>(7,528)</u>	<u>-</u>	<u>(7,528)</u>
	<u>600,192</u>	<u>614,265</u>	<u>600,192</u>	<u>614,265</u>

Reconciliation of liabilities arising from financing activities

The following is the disclosures of the reconciliation of items for which cash flows have been, or would be, classified as financing activities, excluding equity items:

	Bank borrowings RMB'000	Finance leases RMB'000	Loan from a related party RMB'000	Straight bonds RMB'000	Exchangeable bonds RMB'000
At 1 January 2019	200,897	5,726	144,819	234,245	484,792
<u>Cash flow</u>					
Additions	50,000	29,867	-	-	-
Repayments of principal/interests	(43,669)	(18,854)	(20,929)	-	-
<u>Non-cash changes</u>					
Accrued interest	13,196	-	23,639	23,192	-
Exchange translation	(4,666)	-	2,185	-	-
At 31 December 2019	215,788	16,739	149,714	257,437	484,792

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 Company	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 2018	755,344	2,077,139	66,087	(31,413)	219,177	3,086,344	2,031	3,088,365
Profit for the year and representing total comprehensive income for the year	-	154,195	-	-	-	154,195	(433)	153,762
Share-based payment expenses under ESOS scheme	-	-	12,409	-	-	12,409	-	12,409
Transfer to statutory reserve	-	(13,848)	-	-	13,848	-	-	-
Balance at 31 December 2018	755,344	2,217,485	78,496	(31,413)	233,025	3,252,938	1,598	3,254,536
Issue of shares	35,519	-	-	-	-	35,519	-	35,519
Profit for the period and representing total comprehensive income for the period	-	223,363	-	-	-	223,363	(273)	223,090
Share-based payment expenses under ESOS scheme	-	-	4,846	-	-	4,846	-	4,846
Transfer to statutory reserve	-	(12,214)	-	-	12,214	-	-	-
Balance at 31 December 2019	790,863	2,428,634	83,342	(31,413)	245,239	3,516,664	1,326	3,517,990

	Share capital	Accumulated losses	Share option reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Company				
Balance at 1 January 2018	755,344	(197,354)	66,087	624,077
Share-based payment expenses under ESOS scheme	-	-	12,409	12,409
Loss for the year representing total comprehensive income for the year	-	(29,226)	-	(29,226)
Balance at 31 December 2018	755,344	(226,580)	78,496	607,260
Issue of shares	35,519	-	-	35,519
Share-based payment expenses under ESOS scheme	-	-	4,846	4,846
Loss for the period representing total comprehensive income for the period	-	(59,008)	-	(59,008)
Balance at 31 December 2019	790,863	(288,588)	83,342	588,617

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 the number of shares that may be issued on conversion of all the outstanding convertibles, 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. State the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued shares outstanding in a class that is listed 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.

Issued and fully paid	Resultant number of shares	Resultant capital (RMB'000)
Balance at 1 January 2019	979,410,658	755,344
Placement (1) issue ordinary shares at S\$0.04 on 13 June 2019	85,000,000	16,955
Placement (2) issue ordinary shares at S\$0.043 on 27 August 2019	85,000,000	18,564
Balance at 31 December 2019	1,149,410,658	790,863

The Company has granted three tranches of option under ESOS Scheme on 9 April 2015, 20 May 2016, 24 May 2017 and 25 May 2018 that give holders the right to subscribe for ordinary shares as detailed below:-

Date of grant	Exercise price of option granted (SGD per share)		Expiry date
	Prior adjustment	Post adjustment	
9 April 2015	0.33*	0.30*	8 April 2025
9 April 2015	0.26*	0.24*	8 April 2025
20 May 2016	0.49*	0.45*	19 May 2026
24 May 2017	0.18	0.18	23 May 2027
25 May 2018	0.22 ⁽¹⁾ /0.18 ⁽²⁾	0.22 ⁽¹⁾ /0.18 ⁽²⁾	24 May 2028

*As announced by the Company on 25 October 2018, the exercise price of these options granted were adjusted due to issuance of right issue in March 2017.

⁽¹⁾ Exercise price of option granted to directors (other than associate of controlling shareholder) and employees.

⁽²⁾ Exercise price of option granted to associate of controlling shareholder.

Number of options outstanding under ESOS scheme as at 31 December 2019 was 59,750,801.

Save for the above, there were no outstanding convertible securities and treasury shares and subsidiary holdings as at 31 December 2019 and 31 December 2018.

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 31 Dec 2019	As at 31 Dec 2018
Total number of ordinary shares issued and fully paid	1,149,410,658	979,410,658

The Company does not have treasury shares as at 31 December 2019 and 31 December 2018.

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

1(d) (v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings 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)

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

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 stated 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 2018.

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.

As required by the listing requirements of the Singapore Exchange, the Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)") on 1 January 2018. In adopting the new framework, the Group is required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group has also concurrently applied new major FRSI(I) 9 *Financial Instruments* ("SFRS(I) 9") and SFRS(I) 15 *Revenue from Contracts with Customers* ("SFRS(I) 15").

The impact arising from the adoption of SFRS(I)s on the Group's financial statements are as follows:

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ended 31 December 2018), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. There is no significant impact on the Group's financial statements.

SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. SFRS(I) 15 superseded the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations. The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group adopted SFRS(I) 15 using the retrospective approach with practical expedients. The Group's contracts with customers contain product sales and also consideration payable to customers. Each of these components is either recognised as revenue or operating expenses. With the adoption of SFRS(I) 15, the

consideration payable to customers which were previously recognised as expenses would be required to be recognised as part of the transaction price and hence to be reclassified and netted off against revenue.

Promotional incentives and rebates expenses previously recognised as expenses have been reclassified and netted off against revenue. Transportation expenses previously recognised as expenses have been reclassified to cost of sales.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 *Financial Instruments* replaces the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. SFRS(I) 9 includes revised guidance on the classification and measurement of financial instruments, including classification and measurement of financial assets, impairment of financial assets and hedge accounting.

The Group adopted the new standard on 1 January 2018 and elected to apply the short term exemption under SFRS(I) 1, which allowed the Group not to restate the comparative information in its FY2018 financial statements. Accordingly, requirements of FRS 39 continue to apply to financial instruments up to the financial year ended 31 December 2017.

SFRS(I) 9 requires the Group to record expected credit losses on its loans and receivables, either on a 12 month or lifetime basis. The Group applied the simplified approach and assessed that there is no significant expected credit losses on the Group's trade receivables.

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).

Earning per share (EPS)	4Q		12-months (FY)	
	Oct – Dec 2019	Oct – Dec 2018	Jan – Dec 2019	Jan – Dec 2018
EPS based on average number of ordinary shares (RMB cents)	0.2	(19.3)	21.2	15.7
EPS on a fully diluted basis (RMB cents)	0.2	(19.3)	21.2	15.7
Weighted average number of ordinary shares ('000)	1,056,027	979,410	1,056,027	979,410
Weighted average number of ordinary shares – diluted ('000)	1,056,027	980,912	1,056,027	980,912

Basic earnings per share for 4Q2019 and FY2019 are calculated based on the Group profit after taxation of RMB2,629,000 and RMB223,364,000 respectively on weighted average number of ordinary shares issued of 1,056,027,000 which is computed based on 202 days of new shares issued of 85,000,000 under the placement (1) and 127 days of new shares issued of 85,000,000 under the placement (2).

Basic earnings per share for 4Q2018 and FY2018 are calculated based on the Group loss after taxation of RMB188,776,000 and Group profit after taxation of RMB154,195,000 respectively on actual number of ordinary shares issued of 979,410,658

The fully diluted earnings per share for 4Q2019 and FY2019 were calculated based on the Group profit after taxation of RMB2,629,000 and RMB223,364,000 respectively on weighted average number of ordinary shares of 1,056,027,000 after adjusting for the outstanding options under ESOS scheme.

The fully diluted earnings per share for 4Q2018 and FY2018 were calculated based on the Group loss after taxation of RMB188,776,000 and Group profit after taxation of RMB154,195,000 respectively on weighted average number of ordinary shares of 980,912,000 after adjusting for the outstanding options under ESOS scheme.

7. **Net asset 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	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Number of ordinary shares	1,149,410,658	979,410,658	1,149,410,658	979,410,658
NAV per ordinary share in the Company (RMB cents)	306.1	332.3	51.2	62.0

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

The Group's revenue decreased by approximately RMB520.2 million or 14.7% from RMB3,531.1 million in FY2018 to RMB3,010.9 million in FY2019. This decrease was attributed to the decreased sales of RMB165.0 million and RMB165.9 million from the sales of canned products in overseas and domestic markets respectively and RMB189.3 million from the sales of beverage segment. The decrease in sales revenue in all segments were mainly due to the slow down in the macroeconomic environment in the People's Republic of China ("PRC") caused by the trade war between PRC and US.

Breakdown of revenue by segments:

	4Q		Change	12-months (FY)		Change
	Oct – Dec 2019	Oct – Dec 2018		Jan – Dec 2019	Jan – Dec 2018	
	RMB'000	RMB'000		RMB'000	RMB'000	
Product segment			%			%
Canned products						
- overseas	28,399	82,500	(65.6)	332,963	497,948	(33.1)
- domestic	66,741	93,572	(28.7)	275,876	441,810	(37.6)
Beverage	367,112	621,399	(40.9)	2,402,035	2,591,355	(7.3)
Total	462,252	797,471	(24.4)	3,010,874	3,531,113	(14.7)

Gross profit

Following the decrease in the Group's sales, the Group's gross profit decreased by approximately RMB176.4 million or 14.6%, from RMB1,212.3 million in FY2018 to RMB1,035.9 million in FY2019. The Group's overall gross profit margin (GPM) improved by 0.1 percentage points, from 34.3% in FY2018 to 34.4% in FY2019. The improvement of the Group's overall GPM was a result of an increase in GPM of beverage segment, partially offset by decrease in GPM of canned products in overseas and domestic market segments. The increase in GPM of the beverage product segment was mainly attributable to the introduction of new products and higher average selling price in the period under review. The decrease in GPM of products in overseas and domestic market segment was mainly due to higher cost of raw materials from FY2018 to FY2019.

Operating expenses

Distribution and selling expenses increased by approximately RMB22.2 million or 4.5%, from RMB495.6 million in FY2018 to RMB517.8 million in FY2019. This was due mainly to an increase of RMB28.1 million in advertising expenses. The increase in advertising expenses was mainly attributable to higher advertisement compared to FY2018.

Administrative expenses increased by approximately RMB34.2 million or 23.3%, from RMB147.0 million in FY2018 to RMB181.2 million in FY2019. This was mainly due to increase of RMB56.5 million in exchange loss, partially offset by a decrease in professional and legal fees of RMB12.2 million.

Finance costs

Finance costs increased by approximately RMB5.9 million or 10.3%, from RMB57.2 million in FY2018 to RMB63.1 million in FY2019. The increase in finance costs was mainly due to higher bank borrowings in FY2019 as compared to FY2018.

Profit before income tax

Profit before income tax increased by approximately RMB20.9 million or 6.5%, from RMB322.2 million in FY2018 to RMB343.1 million in FY2019. The increase was mainly due to a decrease in impairment and written off due to cessation of internal production, fair value loss on derivative on convertible loan, gain on extinguishment of debt and change in fair value of exchangeable bonds, partially offset by an increase in other operating income, distribution and selling expenses, administrative expenses and finance cost.

Review of statement of financial position

Property, plant and equipment decreased by approximately RMB48.4 million from RMB1,353.4 million in FY2018 to RMB1,305.0 million in FY2019 as a result of the depreciation charged during the period under review.

The Group's inventories decreased by approximately RMB13.6 million from RMB24.3 million in FY2018 to RMB10.7 million in FY2019. The decrease in inventories over the period under review was due to effective inventory control.

Trade receivables decreased by approximately RMB268.4 million from RMB1,584.7 million in FY2018 to RMB1,316.3 million in FY2019. As at 29 February 2020, approximately RMB190.2 million of trade receivables as at 31 December 2019 had been collected.

Other receivables increased by approximately RMB598.7 million from RMB340.7 million in FY2018 to RMB939.4 million in FY2019. Other receivables comprised VAT receivables, export tax refund and prepayments for advertisement expenses. Increase in other receivables mainly due to an increase in advance paid to contract manufacturing suppliers of beverage products.

Cash and cash equivalents stood at RMB600.2 million as at 31 December 2019, the decrease in cash and cash equivalents was mainly due to acquisition of property, plant and equipment and repayment of bank borrowings, partially offset by bank loans obtained, cash generated from issue of new shares and net cash generated from operations.

Current liabilities decreased by RMB20.6 million from RMB1,330.3 million in FY2018 to RMB1,309.7 million in FY2019. The decrease was mainly attributable to a decrease in trade payable of RMB98.6 million, current tax payable of RMB1.9 million, partially offset by an increase in other payables of RMB27.4 million, finance lease of RMB9.4 million, bank borrowings of RMB14.9 million, loan from a related party of RMB4.9 million and straight bonds of RMB23.2 million.

Equity holders interest increased by RMB263.5 million from RMB3,254.5 million as at 31 December 2018 to RMB3,518.0 million as at 31 December 2019. The increase was mainly attributable to the net profit in FY2019.

Review of cash flow statement

In FY2019, operating cash flows before working capital changes amounted to RMB539.1 million. The Group used net cash of RMB387.9 million in its operating activities. Working capital changes comprised an increase in operating receivables of RMB330.4 million, a decrease in operating payables of RMB71.1 million inventories of RMB13.6 million. Net cash used in investing activities amounted to RMB77.3 million in FY2019, which was due mainly to acquisition of factory and warehouse premises as well as plant and equipment in Anhui plant. In addition, net cash generated from financing activities amounted to RMB60.4 million in FY2019, which was mainly due to bank loan obtained and proceeds from share issue, partially offset by repayment of bank loans and finance lease in FY2019.

Convertible bonds

The Group	31 December 2019 RMB'000	31 December 2018 RMB'000	Variance RMB'000
2012 Convertible Bond	339,752	339,752	-
2011 Convertible Bond	145,040	145,040	-
	484,792	484,792	-

The valuation of the exchangeable bonds was computed by an independent valuer based on the binominal method in deriving the fair value of the exchangeable bonds.

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

The Group's current result is in line with its statement made under paragraph 10 in its third quarter results announcement released on 14 November 2019.

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.

Due to world-wide outbreak of COVID-19 in early January 2020, the pandemic would affect global economy in three main ways – by directly affecting production, by creating supply chain and market disruption, and by its financial impact on firms and financial markets.

China's economy has taken a significant hit from the outbreak, and will continue to suffer from falling global demand as it spreads globally. However, there have been some positive news recently with the city of Wuhan – where the outbreak began – scheduled to lift its lockdown in early April 2020.

To capitalize on the growth opportunities ahead, the Group will continue to invest in various advertising and promotional activities as well as sales and marketing initiatives in order to enhance its brand visibility and grow its market share in China.

The Group believes that the outbreak of COVID-19 pandemic would have a significant impact on the operating performance in first half of FY2020, but remains optimistic for broad based recovery in operating performance in the second half of FY2020.

Update on overdue loan from a related party - Soleado Holdings Pte. Ltd.

The Company is currently in discussion with the lender to extend the repayment of principal and interest. The Company would make the necessary announcement as and when there is any material development. The Company has repaid approximately RMB10.9 million to Soleado from the placement proceeds as details set up in paragraph 15 below.

Update on proposed listing of Garden Fresh

The Company continues in its effort towards the proposed listing of its beverage business ("Proposed Listing"). The Company will keep shareholders updated on any material developments relating to the Proposed Listing as and when appropriate.

Update on investment agreement entered into between the Company and Guangdong Baoao Equity Investment Partnership (LLP) (the “Investor”)

The Company is in discussion with the Investor to extend the completion date. The Company will make further announcements as and when appropriate.

11. Dividends

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

None

(b) Corresponding period of the immediately preceding financial year

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

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend had been declared or recommended for the financial year ended 31 December 2019 to allow the Group to conserve cash for working capital purposes.

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 720(1) of the Listing Manual

The Company confirms that it has already procured undertakings from all of its Directors and executive officers in the format as set out in Appendix 7.7 of the SGX-ST Listing Manual in accordance to Rule 720 (1) of the SGX-ST Listing Manual.

15. Use of proceeds

The Board refer to the issuance of 85,000,000 shares by the Company in August 2019 (“Placement 2019 (2)”). As at 29 February 2020, the Group had utilized the net proceeds from the Placement 2019 (2) as follows :-

Use of net proceeds	Allocation (%)	Amount allocated (RMB'000)	Accumulated amount utilized (RMB'000)	Balance (RMB'000)
(a) Repayment of outstanding sums due to Soleado	60	10,965	10,965	-
(b) General working capital	40	7,310	6,660	650
- Operating expenses		7,310	6,660	650
Total	100	18,275	17,625	650

The Company will make further announcement on the use of proceeds from the Placement 2019 (2) as and when the funds are materially disbursed.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

16. **Segmented revenue and results for business or geographical segment (of the group) in the form presented in the issuer’s most recently audited financial statements, with comparative information for the immediate preceding year.**

The Group is a manufacturer and supplier of beverages and canned fruits and vegetables. The Group’s main products are canned asparagus, long beans, mushrooms, beverages and other products (including bamboo shoots, sweet corn, chilies and fruits, such as lychees, pineapples mandarin orange, pears and peaches). The Group segment revenue and gross profits are analyzed based on the product segments as follows:-

REVENUE

Product segment	Group Year ended 31 December 2019 RMB’000	Group Year ended 31 December 2018 RMB’000	Increase/ (Decrease) %
Canned products			
- overseas	332,963	497,948	(33.1)
- domestic	275,876	441,810	(37.6)
Beverage	2,402,035	2,591,355	(7.3)
Total	3,010,874	3,531,113	(14.7)

GROSS PROFIT

Product segment	Group Year ended 31 December 2019 RMB’000	Group Year ended 31 December 2018 RMB’000	Increase/ (Decrease) %
Canned products			
- overseas	79,722	138,123	(42.3)
- domestic	94,840	161,009	(41.1)
Beverage	861,381	913,219	(5.7)
Total	1,035,943	1,212,351	(14.6)

RESULTS BY GEOGRAPHICAL LOCATIONS OF THE GROUP’S CUSTOMERS

Geographical locations	Group Year ended 31 December 2019 RMB’000	Group Year ended 31 December 2018 RMB’000	Increase/ (Decrease) %
Europe ⁽¹⁾	310,815	461,897	(32.7)
North America ⁽²⁾	14,601	27,022	(46.0)
China	2,677,912	3,033,686	(11.7)
Others ⁽³⁾	7,546	8,508	(11.3)
Total	3,010,874	3,531,113	(14.7)

(1) Includes sales to countries such as Germany, France, Spain, the Netherland, the Czech Republic and Russia

(2) Relates mainly to sales to Mexico

(3) Relates to sales to countries such as Australia and Turkey

With respect to customer concentration risk, the Group does not have a single customer whose revenue account for more than 10% of the Group’s total revenue.

17. **In the review of the performance, the factors leading to material changes in contributions to turnover and earnings by the business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediate preceding year.**

Not applicable

18. **A breakdown of sales as follows:**

	31 Dec 2019	31 Dec 2018	Change
	RMB'000	RMB'000	%
Revenue reported for first half year	1,435,676	1,644,609	(12.7)
Operating profit after tax before deducting non-controlling interests reported for first half year	78,181	187,203	(58.2)
Revenue reported for second half year	1,575,198	1,886,504	(16.5)
Operating profit after tax before deducting non-controlling interests reported for second half year	144,910	(33,441)	N.M.

19. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous year as follows:**

Not applicable

20. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Huang Yupeng	58	Brother of Huang Yushan	Chairman and CEO - appointed with effect from 20 Apr 2007 Responsible for overseeing the overall management and operation of the Group	Not applicable
Huang Yushan	55	Sister of Huang Yupeng	Executive Director – appointed with effect from 20 Apr 2007 Responsible for Human Resource and Administration of the Group	Not applicable
Fang Kunrong	58	Brother-in-law of Huang Yupeng and Huang Yushan	Administration Manager – appointed with effect from 20 Apr 2007 Responsible for administration matters of the Group	Not applicable

BY ORDER OF THE BOARD
HUANG YUPENG
CHAIRMAN AND CEO
31 March 2020