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(Incorporated in the Republic of Singapore on 20 April 2007)  
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## NEWS RELEASE

### **SINO GRANDNESS 2Q18 NET PROFIT JUMPS 37.4% TO RMB 144.4 MILLION ON HIGHER ORDERS FROM BEVERAGE AND DOMESTIC CANNED PRODUCTS SEGMENTS**

- 1H18 net profit increased 18.8% to RMB 187.5 million from RMB 157.8 million
- 1H18 gross profit rose 7.4% to RMB 646.5 million from RMB 601.7 million
- NAV per share increased to SGD 67.3 cents as at 30 June 2018 from SGD 63.3 cents as at 31 December 2017

<b>Financial Highlights RMB (million)</b>	<b>2Q18</b>	<b>2Q17</b>	<b>2Q18 Vs 2Q17</b>	<b>1H18</b>	<b>1H17</b>	<b>1H18 vs 1H17</b>
Revenue	1,014.5	939.9	7.9%	1,742.6	1,575.0	10.6%
Gross profit	381.5	353.2	8.0%	646.5	601.7	7.4%
Gross profit margin	37.6%	37.6%	N/A	37.1%	38.2%	(1.1)ppt <sup>^</sup>
Distribution & selling expenses	(148.5)	(172.3)	(13.8)%	(299.2)	(285.9)	4.7%
Administrative expenses	(17.9)	(14.0)	28.0%	(61.4)	(55.6)	10.4%
Finance costs	(9.2)	(15.9)	(42.3)%	(25.0)	(28.4)	(12.0)%
Net profit attributable to shareholders	144.4	105.1	37.4%	187.5	157.8	18.8%

<sup>^</sup>ppt refers to percentage point

SINGAPORE – 14<sup>th</sup> Aug 2018 – Mainboard-listed Sino Grandness Food Industry Group Limited 中华食品工业集团有限公司 (“Sino Grandness” or “the Company” and together with its subsidiaries, the “Group”), a Shenzhen, China based integrated producer and distributor of own-branded juices and canned fruits and vegetables today reported its unaudited results for the three months ended 30 June 2018 (“2Q18”) and six months ended 30 June 2018 (“1H18”)

In 2Q18, net profit attributable to shareholders for the Group increased by 37.5% to RMB 144.4 million from RMB 105.1 million in the same period last year (“2Q17”). In 1H18, net profit attributable to shareholders rose 18.8% to RMB 187.5 million from RMB 157.8 million in the same period last year (“1H17”). The increase in net profit for the Group in 2Q18 and 1H18 was due to higher sales from beverage and domestic canned products segments and higher other operating income.

Earnings per share (“EPS”) in 2Q18 increased to approximately SGD 3.0 cents from approximately SGD 2.8 cents in 2Q17 while net asset value (“NAV”) per share increased to SGD 67.3 cents as at 30 June 2018 from SGD 63.3 cents as at 31 December 2017. (EPS calculations in 2Q18 and 2Q17 was based on weighted average number of ordinary shares of 979,410,000 and 768,103,000 respectively. NAV per share calculations based on 979,410,658 shares. Exchange rate used SGD1=RMB4.98)

Mr Huang Yupeng 黄育鹏, Chairman and CEO of Sino Grandness said, “I am pleased to report double digit growth in net profit in 2Q18 and 1H18. This was due to higher sales from our own-branded beverage and domestic canned products segments, which in turn was driven by a steady expansion of our distribution network.”

“In recent months, we have entered into various strategic agreements and collaborations which will help us expand our distribution network further in China. For example, in March 2018, we entered into an agreement with Baixianwang Intelligent Technology (“深圳市百鲜网智能科技有限公司”) and Tomcat Culture (“深圳市童猫文化产业有限公司”) to distribute our products through a distribution network using intelligent technology, which include unmanned convenience stores. In June 2018, we started to roll out our products across Meijijia convenience stores, which is one of the leading and fastest growing convenience stores in China\*\*. In August 2018, we entered into a joint venture agreement with Dongqi Shenzhen Trading Company Limited (深圳市东启商贸有限公司) to distribute various food and beverage products into new channels, including supermarkets and convenience stores within major petrol stations in China.”

Revenue analysis by segments:

	2Q		Change	Half Year (HY)		Change
	Apr – Jun 2018	Apr – Jun 2017		Jan – Jun 2018	Jan – Jun 2017	
Product segment	RMB'000	RMB'000	%	RMB'000	RMB'000	%
<b>Canned products</b>						
- overseas	161,501	179,060	(9.8)	258,123	278,748	(7.4)
- domestic	137,068	128,755	6.5	211,047	200,989	5.0
<b>Beverage</b>	715,897	632,134	13.3	1,273,383	1,095,299	16.3
<b>Total</b>	1,014,466	939,949	7.9	1,742,553	1,575,036	10.6

The Group’s revenue increased by 10.6% in 1H18 to RMB 1,742.6 million from RMB 1,575.0 million in 1H17 due to higher orders from beverage and domestic canned products segments. Sales of overseas canned products decreased by 7.4% to RMB 258.1 million in 1H18 from RMB 278.7 million in 1H17. Beverage segment sales which comprised Garden Fresh juices increased by 16.3% to RMB 1,273.4 million in 1H18 from RMB 1,095.3 million in 1H17. Domestic canned products sales increased by 5.0% to RMB 211.0 million in 1H18 from RMB 201.0 million in 1H17. The increase in sales of beverage segment and domestic canned product segment was mainly due to steady expansion of distribution network in China.

In 1H18, distribution and selling expenses increased by 4.7% to RMB 299.2 million from RMB 285.9 million in 1H17 primarily due to the increase in advertising and promotional expenses, partially offset by lower transportation and packaging costs. Administrative expenses increased by 10.4% to RMB 61.4 million in 1H18 from RMB 55.6 million in 1H17 mainly due to higher depreciation charges.

The Group's gross profit in 1H18 increased by 7.4% to RMB 646.5 million from RMB 601.7 million in 1H17 as a result of higher revenue. Gross profit margin ("GPM") for the Group in 1H18 decreased by 1.1 percentage points to 37.1% from 38.2% due to a decrease in GPM of beverage segment, partially offset by higher an increase in GPM of domestic canned product segment. The decrease in GPM of beverage segment in 1H18 was mainly attributable to higher cost of raw materials and lower average selling prices for a limited range of products as a result of our price adjustment exercise to maintain market competitiveness.

## **Outlook**

As a result of rising disposable incomes, increasing health awareness and change in consumption pattern, consumers have shown increasing demand for convenient products and functional health food through online and offline spending. The Group has responded to this trend by steadily expanding its product range and distribution channel in order to appeal to a broader customer base in the China market.

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.

Barring unforeseen circumstances, the Group remains optimistic about its operating performance in FY2018.

Source :

\*\* <http://www.meiyijia.com.cn/about/profile.htm>

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## **About Sino Grandness Food Industry Group Limited**

Headquartered in Shenzhen the PRC, Sino Grandness is an integrated manufacturer and distributor of own-branded 鲜绿园® (Garden Fresh) juices as well as canned fruits and vegetables. Since its establishment in 1997, the Group has rapidly grown to become the No.1 brand for loquat fruit juice in China as well as one of the top exporters of canned asparagus, long beans and mushrooms from China. The Group's products are distributed globally across Europe, North America and in Asia, in renowned supermarkets, discount stores and convenience stores.

With stringent quality control and procedures implemented in its manufacturing processes, Sino Grandness' canned products are compliant with international standards, including Hazard Analysis and Critical Control Point ("HACCP") food safety system, British Retail Consortium ("BRC"), International Food Standard ("IFS") and International Organization for Standardization ("ISO") certifications. As such, Sino Grandness is able to export its canned products to customers globally including the European Union, which has enforced import restrictions (commonly known as "Green Barriers") since 2000 on the grounds of environmental and food safety issues.

Sino Grandness' production plants in China are strategically located in five provinces, namely Shandong, Shanxi, Sichuan, Hubei and Anhui. The production bases straddle different climatic regions so that production activities can be carried throughout the year. In recognition of the Group's R&D and brand building efforts, Garden Fresh has been accorded the prestigious "Asian Brands Top 500 Award", "Innovative, Outstanding and Nutritious Award" and "Top 100 Brand in China Award". Garden Fresh is ranked as the leading loquat juice brand in China based on a research report by Euromonitor.

*Note :*

*This release may contain predictions, estimates or other information that may be considered forward-looking statements. Actual results may differ materially from those currently expected because of a number of factors. These factors include (without limitation) changes in general industry and economic conditions, interest rate movements, cost of capital and capital availability, competition from other companies and venues for sale/manufacture/distribution of goods and services, shift in customer demands, changes in operating expenses, including employee wages and raw material prices, governmental and public policy changes, social and political turmoil and major health concerns. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise, except as required by law.*

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