



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

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THIRD QUARTER PERIOD ENDED 30 SEPTEMBER 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 comparative statement for the corresponding period of the immediately preceding financial year

	3Q			9-months (9M)		
	Jul – Sept	Jul – Sept	Change	Jan – Sept	Jan – Sept	Change
	2014	2013		2014	2013	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	1,021,694	743,908	37.3	2,315,840	1,711,743	35.3
Cost of sales	(620,332)	(453,869)	36.7	(1,407,670)	(1,060,170)	32.8
Gross profit	401,362	290,039	38.4	908,170	651,573	39.4
Other operating income	(2,550)	5,262	(148.5)	8,667	14,489	(40.2)
Distribution and selling expenses	(93,803)	(49,299)	90.3	(240,933)	(127,088)	89.6
Administrative expenses	(10,856)	(17,446)	(37.8)	(55,121)	(59,818)	(7.9)
Other operating expenses	(26)	-	100.0	(90)	-	100.0
Finance costs	(5,476)	(4,543)	20.5	(16,710)	(14,341)	16.5
Profit before income tax	288,651	224,013	28.9	603,983	464,815	29.9
Income tax expense	(70,334)	(55,831)	26.0	(156,147)	(123,660)	26.3
Net profit for the period	218,317	168,182	29.8	447,836	341,155	31.3
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	218,317	168,182	29.8	447,836	341,155	31.3
Profit for the period attributable to:						
Equity holders of the parent	218,497	168,099		448,292	341,655	
Non-controlling interests	(180)	83		(456)	(500)	
	218,317	168,182		447,836	341,155	
Total comprehensive income for the period attributable to:						
Equity holders of the parent	218,497	168,099		448,292	341,655	
Non-controlling interests	(180)	83		(456)	(500)	
	218,317	168,182		447,836	341,155	

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

	3Q			9-months (9M)		
	Jul – Sept	Jul – Sept	Change	Jan – Sept	Jan – Sept	Change
	2014	2013		2014	2013	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Depreciation	(9,466)	(1,453)	551.5	(26,743)	(10,485)	155.1
Amortisation						
- land use rights	(293)	(303)	(3.3)	(880)	(995)	(11.5)
- subsidy	(34)	(33)	-	(101)	(100)	-
Net exchange gain/(loss)	2,170	(3,597)	160.3	4,025	(12,618)	131.9
Share-based payment expenses under ESOS scheme	2,580	-	100.0	7,739	-	100.0

Other Operating Income

Government grants	-	20	(100.0)	1,707	3,918	(56.4)
Interest income- banks	206	215	(4.2)	848	850	(0.2)
Exchange (loss)/gain	(3,082)	(220)	N.M.	5,493	4,114	33.5
Disposal of subsidiary	-	5,242	(100.0)	-	5,242	(100.0)
Others	326	5	N.M.	619	365	69.6
Total	(2,550)	5,262	(148.5)	8,667	14,489	(40.2)

N.M. – Not meaningful

Note :-

The net exchange losses in 9M2014 and 9M2013 were mainly attributable to the revision of translation rate due to appreciation of Renminbi against USD during the period under review.

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 Sept 14	31 Dec 13	30 Sept 14	31 Dec 13
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	790,435	738,065	19	13
Land use rights	54,177	55,057	-	-
Subsidy	33	134	-	-
Subsidiaries	-	-	1,848	1,848
Amount owing by subsidiaries	-	-	221,294	230,892
Deferred tax assets	1,678	1,678	-	-
Total non-current assets	846,323	794,934	223,161	232,753
Current assets				
Inventories	51,738	45,957	-	-
Trade and other receivables	1,449,265	921,484	116	54
Cash and cash equivalents	111,942	91,329	3,526	4,179
Total current assets	1,612,945	1,058,770	3,642	4,233
Current liabilities				
Trade and other payables	63,098	85,977	1,618	9,674
Note payables	66,650	1,550	-	-
Current tax payable	76,809	32,730	-	-
Bank borrowings	63,358	13,000	-	-
Convertible bonds	362,786	349,455	-	-
Total current liabilities	632,701	482,712	1,618	9,674
Net current assets/(liabilities)	980,244	576,058	2,024	(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	1,806,326	1,350,751	204,944	207,071
Equity				
Equity attributable to equity holders of the Company				
Share capital	282,578	282,578	282,578	282,578
Retained profits/(Accumulated losses)	1,394,622	990,554	(87,593)	(77,727)
Other reserves	125,512	73,549	9,959	2,220
Total shareholder's funds	1,802,712	1,346,681	204,944	207,071
Non-controlling interests	3,614	4,070	-	-
Total equity	1,806,326	1,350,751	204,944	207,071

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

	<u>30 Sept 2014</u>	<u>31 Dec 2013</u>
	RMB'000	RMB'000
Amount repayable in one year or less or on demand		
Secured	63,358	13,000
Unsecured	362,786	349,455
	<u>426,144</u>	<u>362,455</u>
Amount repayable after one year		
Secured	-	-
Unsecured	-	-
	<u>-</u>	<u>-</u>
	<u>426,144</u>	<u>362,455</u>

Details of collaterals:-

(1) 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>3Q</u>		<u>9-months (9M)</u>	
	Jul – Sept 2014	Jul – Sept 2013	Jan – Sept 2014	Jan – Sept 2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities:				
Profit before income tax	288,651	224,013	603,983	464,815
Adjustments for:				
Depreciation of property, plant and equipment	9,566	1,453	26,843	10,485
Amortisation of land use rights	293	303	880	995
Amortisation of subsidy	34	33	101	100
Share-based payment expenses under ESOS scheme	2,580	-	7,739	-
Gain on disposal of subsidiary	-	(5,242)	-	(5,242)
Interest expenses	5,476	4,543	16,710	14,341
Interest income	(206)	(215)	(848)	(850)
	<u>306,394</u>	<u>224,888</u>	<u>655,408</u>	<u>484,644</u>
Operating cash flows before working capital changes				
(Increase)/decrease in deposits pledged with banks	(7,085)	1,988	(835)	5,481
Decrease/(increase) in inventories	151,359	100,474	(5,780)	(57,686)
Increase in operating receivables	(366,416)	(234,594)	(527,781)	(426,590)
(Decrease)/increase in operating payables	(6,960)	(76,486)	55,552	5,161

	<u>3Q</u>		<u>9-months (9M)</u>	
	Jul – Sept 2014	Jul – Sept 2013	Jan – Sept 2014	Jan – Sept 2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash generated from operations	77,292	16,270	176,564	11,010
Income tax paid	(55,176)	(40,463)	(112,068)	(84,234)
Interest paid	(14,358)	(4,543)	(16,710)	(14,341)
Net cash generated from/(used) in operating activities	<u>7,758</u>	<u>(28,736)</u>	<u>47,786</u>	<u>(87,565)</u>
Cash flows from investing activities:				
Acquisition of property, plant and equipment	(3,679)	(20,997)	(79,214)	(22,328)
Interest received	206	215	848	850
Disposal of subsidiary	-	5,096	-	5,096
Net cash used in investing activities	<u>(3,473)</u>	<u>(15,686)</u>	<u>(78,366)</u>	<u>(16,382)</u>
Cash flows from financing activities:				
Proceeds from share issue	-	-	-	117,750
Share issue costs	-	-	-	(3,150)
Bank loans obtained	48,358	18,000	63,358	25,500
Bank loans repaid	(8,000)	(30,000)	(13,000)	(48,500)
Amount owing to related party	-	(1,344)	-	(74)
Net cash generated from/(used in) financing activities	<u>40,358</u>	<u>(13,344)</u>	<u>50,358</u>	<u>91,526</u>
Net increase/(decrease) in cash and cash equivalents	44,643	(57,766)	19,778	(12,421)
Cash and cash equivalents at beginning of period	<u>57,154</u>	<u>178,086</u>	<u>82,019</u>	<u>132,741</u>
Cash and cash equivalent at end of period	<u>101,797</u>	<u>120,320</u>	<u>101,797</u>	<u>120,320</u>
Cash and cash equivalents comprise:				
Cash and bank balances	101,797	120,320	101,797	120,320
Fixed deposits	<u>10,145</u>	<u>120</u>	<u>10,145</u>	<u>120</u>
Less Fixed deposits pledged	111,942	120,440	111,942	120,440
	<u>(10,145)</u>	<u>(120)</u>	<u>(10,145)</u>	<u>(120)</u>
	<u>101,797</u>	<u>120,320</u>	<u>101,797</u>	<u>120,320</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
<u>Group</u>								
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	(787)	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	-	448,292	-	-	-	448,292	(456)	447,836
Share-based payment expenses under ESOS scheme	-	-	7,739	-	-	7,739	-	7,739
Transfer to statutory reserve	-	(44,224)	-	-	44,224	-	-	-
Balance at 30 September 2014	282,578	1,394,622	9,959	(31,413)	146,966	1,802,712	3,614	1,806,326

	Share capital	Accumulated losses	Share option reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Company</u>				
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
Loss 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	-	-	7,739	7,739
Loss for the period representing total comprehensive income for the period	-	(9,866)	-	(9,866)
Balance at 30 September 2014	282,578	(87,593)	9,959	204,944

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 September 2014 were 16,710,000.

Save for the above, there were no outstanding convertible securities and treasury shares as at 30 September 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 Sept 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 September 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 up 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 new or 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).**

Earning per share (EPS)	3Q		9-months (9M)	
	Jul – Sept 2014	July – Sept 2013	Jan – Sept 2014	Jan – Sept 2013
EPS based on average number of ordinary shares (RMB cents)	37.2	29.4	76.3	59.8
EPS on a fully diluted basis (in RMB cents)	37.1	29.4	76.1	59.8
Weighted average number of ordinary shares ('000)	587,345	571,510	587,345	571,510
Weighted average number of ordinary shares – diluted ('000)	589,536	571,510	589,536	571,510

Basic earnings per share for 3Q2014 and 9M2014 are calculated based on the Group profit after taxation of RMB 218,497,000 and RMB 448,292,000 respectively on actual number of ordinary shares issued of 587,344,828.

For Comparative purpose, the basic earning per shares for 3Q2013 and 9M2013 were calculated based on the Group profit after taxation of RMB 168,099,000 and RMB 341,655,000 respectively on weighted average number of ordinary shares of 571,510,000 which is computed based on 195 days of 28,500,000 (before share split exercise by the Company in September 2013) placement shares issued in March 2013.

The fully diluted earnings per share for 3Q2014 and 9M2014 were calculated based on the Group profit after taxation of RMB 218,497,000 and RMB 448,292,000 respectively on weighted average number of ordinary shares of 589,536,000 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	
	30 Sept 14	31 Dec 13	30 Sept 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)	306.9	229.3	34.9	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 RMB604.1 million or 35.3% from RMB1,711.7 million in 9M2013 to RMB2,315.8 million in 9M2014. This increase was attributable to the increased sale from all of our product segments, with an increase of RMB476.4 million from sales of beverage, RMB11.1 million and RMB116.6 million from sales of canned products in both overseas and domestic markets respectively. The increases in sales volume of canned products from 9M2013 to 9M2014 was mainly due to increased production capacities and increased orders secured from our existing major overseas customers. In addition, the increase in sales volume of beverage and domestic canned products were mainly due to expansion of distribution network in PRC.

Breakdown of revenue by segments:

	3Q			9 months (9M)		
	Jul –Sept 2014	Jul – Sept 2013	Change	Jan – Sept 2014	Jan – Sept 2013	Change
Product segment	RMB'000	RMB'000	%	RMB'000	RMB'000	%
<u>Canned products</u>						
- overseas	258,892	248,173	4.3	564,733	553,642	2.0
- domestic	140,254	61,602	127.7	259,278	142,710	81.7
<u>Beverage</u>	622,548	434,133	43.4	1,491,829	1,015,391	46.9
<u>Total</u>	1,021,694	743,908	37.3	2,315,840	1,711,743	35.3

Gross profit

Largely in line with the increase in our sales, our gross profit increased by approximately RMB256.6 million or 39.4%, from RMB651.6 million in 9M2013 to RMB908.2 million in 9M2014. Our overall gross profit margin (GPM) improved by 1.1 percentage points, from 38.1% in 9M2013 to 39.2% in 9M2014. The improvement of our overall GPM was a result of an increase in GPM of beverage segment partially offset by a marginal decrease in GPM of canned products in overseas market. The improvements in GPM were largely attributable to the lower cost of raw materials for beverage segment. However, decrease in GPM of overseas canned products was mainly due to higher cost of raw materials from 9M2013 to 9M2014.

Operating expenses

Distribution and selling expenses increased by approximately RMB113.8 million or 89.6%, from RMB127.1 million in 9M2013 to RMB240.9 million in 9M2014. This was due mainly to an increase of RMB3.0 million in packaging cost, RMB40.3 million in transportation cost and RMB63.1 million in advertising and promotion expenses. Increase in transportation, advertising and promotion cost in 9M2014 was mainly attributed to increase in domestic sales of canned products and beverage.

Administrative expenses decreased by approximately RMB4.7 million or 7.9%, from RMB59.8 million in 9M2013 to RMB55.1 million in 9M2014. This was mainly due to decrease of RMB15.3 million in exchange losses, partially offset by an increase of RMB7.7 million in share-based payment expenses under ESOS scheme, RMB2.1 million in depreciation and RMB1.5 million in employee benefit cost.

Finance costs

Finance costs increased by approximately RMB2.4 million or 16.5%, from RMB14.3 million in 9M2013 to RMB16.7 million in 9M2014. The increase was mainly due to amortization of interest on convertible bonds and higher bank borrowings from 9M2013 to 9M2014.

Profit before taxation

Profit before taxation increased by approximately RMB139.2 million or 29.9%, from RMB464.8 million in 9M2013 to RMB604.0 million in 9M2014. The increase was due to an increase in revenue and decrease in administrative expenses partially offset by an increase in our distribution and selling expenses and finance costs.

Review of Balance Sheet

Property, plant and equipment increased by approximately RMB52.3 million from RMB738.1 million in FY2013 to RMB790.4 million as at 9M2014 as a result of the acquisition of plant and equipment in Hubei plant and partially offset by depreciation.

The Group's inventories increased by approximately RMB5.7 million from RMB46.0 million in FY2013 to RMB51.7 million as at 9M2014. The increase in inventories over the period under review was in line with our increased business activities.

Trade and other receivables increased by approximately RMB527.8 million from RMB921.5 million in FY2013 to RMB1,449.3 million as at 9M2014. Trade receivables increased from RMB633.6 million in FY2013 to RMB1,163.2 million as at 9M2014. The increases were mainly attributable to our increased business activities in the period under review. As at 31 October 2014, all trade receivables above 90 days amounted to RMB32.3 million had been fully collected.

Cash and cash equivalents stood at RMB111.9 million as at 30 September 2014, the increase in cash and cash equivalents was mainly due to bank loans obtained and net cash generated from operations partially offset by acquisition of property, plant and equipment and bank loan repayment.

Current liabilities increased by RMB150.0 million from FY2013 to 9M2014. The increase was mainly attributable to an increase of RMB44.1 million in current tax payable, RMB65.1 million in note payable, RMB50.4 million in bank borrowings and RMB13.3 million in convertible bonds which was mainly attributable to accretion of the convertible bonds at amortized cost, partially offset by a decrease of RMB22.9 million in trade and other payable.

As announced by the Company on 8 October 2014 and 29 October 2014, holders of the 2011 Bonds, representing 80.5% of the principal amount of the 2011 Bonds had indicated to the Company that they intended to exercise their right to extend the maturity date of the 2011 Bonds from 19 October 2014 to 30 June 2015. And the remaining 19.5% of the 2011 Bonds had been entirely repurchased which reduces the outstanding principal amount of the 2011 Bonds from RMB100 million to RMB80.5 million. The Group paid RMB37.9 million to repurchase RMB19.5 million worth of the 2011 Bonds and the outstanding principal amount of the 2012 Bonds is RMB270 million. The maximum redemption payment of the outstanding 2011 Bond is RMB183.8 million at maturity on 30 June 2015. The maximum redemption payment of the outstanding 2012 Bonds is RMB466.6 million at maturity on 25 July 2015.

Equity holders interest increased by RMB456.0 million from RMB1,346.7 million as at 31 December 2013 to RMB1,802.7 million as at 30 September 2014. The increase was mainly attributable to net profits in 9M2014.

Review of cash flow statement

In 9M2014, operating cash flows before working capital changes amounted to RMB655.4 million. The Group used net cash of RMB478.8 million in its operating activities. Working capital changes comprised an increase in inventories of RMB5.8 million, operating receivables of RMB527.8 million, deposit pledged with bank of RMB0.8 million partially offset by an increase in operating payable of RMB55.6 million. Net cash used in investing activities amounted to RMB79.2 million in 9M2014, which was due mainly to acquisition of plant and equipment in Hubei plant. In addition, net cash generated from financing activities amounted to RMB50.4 million in 9M2014, which was mainly due to bank loan obtained of RMB63.4 million partially offset by repayment of bank loan of RMB13.0 million in 9M2014.

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 half year results announcement released on 13 August 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.

National Bureau of Statistic of China (NBSC) reported that China's Gross Domestic Product ("GDP") increased by 7.4% year-on-year to approximately RMB41,990.8 billion during the first nine months of 2014 ("9M14"). At the same time, total retail sales of consumer goods for 9M14 rose 12.0% to RMB18,915.1 billion with retail sales in rural area rising 13.0% while retail sales in urban area rising at a relatively slower pace of 11.9%.

Chinese consumers, as a result of improved living standards, 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 China. 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 for Garden Fresh juices, 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 of our in-house brands in particular Garden Fresh and Grandness;
2. Sales and marketing efforts to expand our distribution network for domestic and export markets;
3. Expansion of production capacity at strategic locations and
4. Research and development efforts to expand its range of products in order to appeal to a broader group of consumers.

On 16 October 2014, the Group announced that its own-branded Garden Fresh fruit juices had been distributed into *wellcome* stores, which is one of the largest supermarket chains in Hong Kong with more than 200 retail points through the engagement of a new distributor.

During a business update released on 23 October 2014, the Group announced that the new juice production facilities in Hubei Province, PRC ("Hubei Plant") had secured all the relevant permits and approvals in September 2014 and the Hubei Plant has officially commenced production in October 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 Group also reported that it had successfully secured encouraging indicative orders amounting to approximately RMB300 million and engaged new distributors after participation at the trade exhibition and trade fair held in Chongqing, PRC between 7th and 15th October 2014.

Barring unforeseen circumstances, the Group remains optimistic about its operating performance for the remaining FY2014.

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/recommendeded, a statement to that effect.

No dividend has been declared/recommendeded.

13. Interested person transaction

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 third quarter financial results for the period ending 30 September 2014 to be false or misleading in any material aspect.

15. Use of net proceeds

In addition, the Board refers to the issuance of 28,500,000 shares by the Company in March 2013. As at 10 November 2014, the Group had utilized approximately RMB103.6 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
14 November 2014