



Sino Grandness Food Industry Group Limited

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

(Company Registration No. 200706801H)

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NEWS RELEASE

SINO GRANDNESS FY13 NET PROFIT JUMPS 38.5% TO RMB401.1M ON HIGHERS ORDERS ACROSS THE BOARD

- FY13 Group revenue jumped 38.5% to RMB2,271.1m from RMB1,640.3m in FY12
- FY13 beverage segment sales surged 59.5% to record high of RMB1,392.4m from RMB873.2m in FY12 on strong orders for Garden Fresh juices
- Completed installation of fruit juice production facilities in new Hubei Plant
- Successfully expanded distributor base for Garden Fresh juices nationwide comprising more than 200 distributors and covering more than 20 provinces in China
- Engaged relevant professional parties in 4Q13, including investment banks and legal counsels to commence work related to the Proposed Spin-Off

Financial Highlights RMB (million)	4Q13	4Q12	4Q13 VS 4Q12	FY13	FY12	FY13 VS FY12
Revenue	553.0	405.7	+36.3%	2,271.1	1,640.3	+38.5%
Gross profit	227.2	167.0	+36.1%	885.2	635.4	+39.3%
Gross profit margin	41.1%	41.2%	-0.1ppt	39.0%	38.7%	+0.3ppt
Net profit attributable to shareholders	59.4	65.5	-9.2%	401.1	289.7	+38.5%

SINGAPORE – 26 February 2014 – 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 is pleased to announce its unaudited results for the twelve months ended 31 December 2013 (“FY13”).

As a result of higher orders across the board, especially that of own-branded products such as 鲜绿园® (“Garden Fresh”) juices from beverage segment and 振鹏达® (“Grandness”) canned fruits from domestic canned products segment, net profit attributable to equity holders for the Group increased by 38.5% to RMB401.1 million in FY13 compared to RMB289.7 million in the same period last year (“FY12”).

For the three months ended 31 December 2013 (“4Q13”), the Group reported net profit attributable to equity holders of RMB59.4 million, declining by 9.2% from RMB65.5 million in the same quarter last year (“4Q12”).

Mr Huang Yupeng 黄育鹏, Chairman and CEO of Sino Grandness said, “I am pleased to deliver another positive set of results for FY13 with record revenue and net profit. The robust results reflected strong growth momentum across both our own-branded business segments namely beverage and domestic canned products. Both these segments are key beneficiaries of the positive macro factors in China such as increased health awareness, rising disposable income and growing demand for convenience food and beverage products. At the end of 2013, not only have we completed installation of fruit juice production facilities at the new plant in Hubei Province, China (“Hubei Plant”), we also successfully expanded our distributor base for Garden Fresh juices nationwide comprising more than 200 distributors and covering more than 20 provinces in China. As such, we can look forward to another exciting year ahead with a larger customer base and expanded production capacity.”

“In 4Q13, we reported lower net profit year-on-year partly due to a significant increase in administrative expenses. These administrative expenses included higher depreciation charge from the new Hubei Plant, higher foreign exchange losses as well as expenses incurred for engaging the relevant professional parties such as investment banks and legal counsels to commence work related to the Proposed Spin-Off of our beverage segment as announced on 1 July 2013,” Mr Huang added.

Revenue analysis by segments:

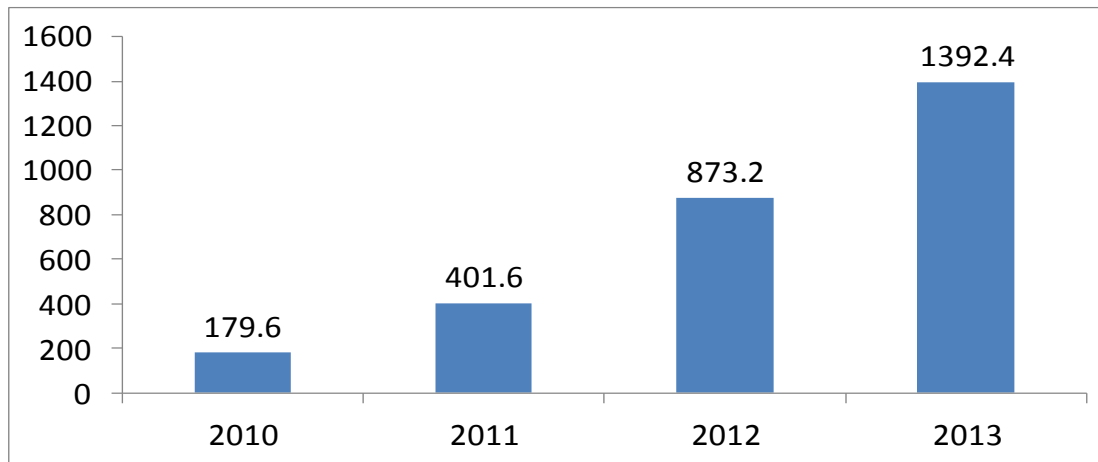
	4Q			12-months (FY)		
	Oct – Dec 2013	Oct – Dec 2012	Change	Jan – Dec 2013	Jan – Dec 2012	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Product segment						
Canned products						
- overseas	135,891	143,333	(5.2)	689,533	655,939	5.1
- domestic	46,498	25,804	80.2	189,208	111,147	70.2
Beverage	370,619	236,541	56.7	1,392,384	873,173	59.5
Total	553,008	405,678	36.3	2,271,125	1,640,259	38.5

In FY13, the Group recorded higher sales across the board for all product segments. In particular, sales of beverage segment which comprised Garden Fresh juices and domestic canned products segment which comprised Grandness canned fruits surged the most. Beverage segment sales surged 59.5% to RMB1,392.4 million in FY13 from RMB873.2 million in FY12 while sales of domestic canned products jumped 70.5% to RMB189.2 million in FY13 from RMB111.1 million in FY12. Domestic demand for the Group’s own-branded products grew significantly in FY13 largely due to increased production capacities, growing consumer acceptance and continued expansion of distribution network within the PRC market.

Overall sales of overseas canned products improved slightly in FY13, as the Group has a diversified customer base distributing its products across major discount stores and supermarkets in various countries across Europe and in Australia. In FY13, sales of overseas canned products segment rose 5.1% to RMB689.5 million from RMB655.9 million in FY12, largely driven by steady demand for its key export product category namely asparagus.

Strong growth momentum of beverage segment

Beverage sales in RMB million



In FY13, sales of beverage segment which comprised Garden Fresh bottled juices surged 59.5% to new high of RMB1,392.4 million from RMB873.2 million in FY12 due to further expansion of retail points in the PRC market and positive response to the expanded range of Garden Fresh juices. The strong order momentum also reflected the success of the trade exhibition held during last week of March 2013 in Chengdu, Sichuan Province PRC (“Chengdu Trade Exhibition”) as announced in April 2013. The Group announced on 15 April 2013 that it had secured multiple new distributors thus expanding its distribution network in the PRC market further as well as sizeable indicative orders after participation at the Chengdu Trade Exhibition. Additionally, the Group also launched new beverage products such as loquat-mango juices as well as new soft-pack and tin-can loquat juices.

In FY13, sales of Garden Fresh loquat juice product line have exceed RMB985.7 million while sales of Garden Fresh Hong Guo Le product line, which comprised various fruits including hawthorn, have exceeded RMB406.6 million.

New products launched during Chengdu Trade Exhibition



“Garden Fresh” loquat-mango, soft-pack loquat juice and tin-can loquat juice

Optimistic Outlook

The rising disposal income per capita, increasing demand for health promoting products as a result of heightened health awareness in China are positive factors which may offer tremendous growth opportunities for the food and beverage (“F&B”) industries 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 in China.

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 of Garden Fresh juices and Grandness canned products;
2. Sales and marketing efforts to expand its distribution network for domestic and international 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.

The Group’s sustained efforts in building brand value have yielded positive results as evidenced by the growing brand awareness and brand equity. In November 2013, the Group announced that its in-house brand Garden Fresh has been valued at RMB3.5 billion according to a Brand Value Data Certificate issued Asia Brand Association Experts Committee and Asia Brand Research Centre.

The Group will continue to participate in various exhibitions and tradeshow in order to expand its distribution network and increase awareness of our in-house brands. Over the past few years, the Group has regularly showcased its beverage and canned products at one of the largest F&B tradeshow held annually in Chengdu, Sichuan Province China (“Chengdu Tradeshow”). As at 31 December 2013, the Group has expanded its distributor base for Garden Fresh juices nationwide comprising more than 200 distributors and covering more than 20 provinces in China. In the upcoming Chengdu Tradeshow to be held during the first half of 2014, the Group intends to seize the opportunity to introduce new products and expand its distributor base further.

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

Update on Proposed Spin-off

On 1 July 2013, the Group announced that it is proposing to spin-off its beverage business 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”).

During the quarter ended 31 December 2013 (“4Q13”), the Group has engaged relevant professional parties including international investment bankers and legal counsels to commence work related to the Proposed Spin-Off. The Company will keep shareholders updated on material developments as and when appropriate.

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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 one of the leading brands for loquat fruit juice in China as well as 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 including as Lidl, Rewe, Carrefour, Walmart, Huelpeden, Coles, Jusco and Metro.

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 three provinces, namely Shandong, Shanxi and Sichuan – all of which are key agricultural belts. The production bases straddle different climatic regions so that production activities can be carried throughout the year. The Group’s newest plant in Hubei Province is expected to commence mass production of juices in 2014.

In 2010, the Group successfully launched its own-branded bottled juices Garden Fresh, comprising unique fruits such as loquat and hawthorn to target the huge domestic consumer base in China. In recognition of the Group’s R&D and brand building efforts, Garden Fresh juices have been accorded the “Innovative, Outstanding and Nutritious Award” by the PRC Food Industry in 2010 as well as “Top 100 Brand in China” by the joint agency of Global times, Asia Brand Association and China Economic Herald in 2013.

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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