



**Sino Grandness Food Industry Group Limited**  
(Incorporated in the Republic of Singapore on 20 April 2007)  
(Company Registration No. 200706801H)  
56th Floor, Tower A, Lian He Plaza,  
No. 5022, Bin He Road, Futian District, Shenzhen, PRC (518033)  
深圳市福田区滨河大道 5022 号联合广场 A 座 56 楼(邮编:518033)  
[www.sinograndness.com](http://www.sinograndness.com)

## NEWS RELEASE

### **SINO GRANDNESS 4Q17 REVENUE JUMPS 66.7% TO RMB914.8 MILLION ON HIGHER ORDERS FROM ALL PRODUCT SEGMENTS**

- 4Q17 net profit improved to RMB4.9 million compared with a loss of RMB106.0 million in 4Q16
- 4Q17 gross profit increased 55.0% to RMB360.6 million from RMB232.6 million
- FY17 Group revenue rose 5.9% to record high of RMB3.7 billion compared with RMB3.5 billion in FY16
- Cash and cash equivalents increased significantly to RMB693.6 million as at 31 December 2017 compared with RMB297.7 million as at 31 December 2016 as a result of higher net cash generated from operations and completion of rights issue

<b>Financial Highlights RMB (million)</b>	<b>4Q17</b>	<b>4Q16</b>	<b>4Q17 VS 4Q16</b>	<b>FY17</b>	<b>FY16</b>	<b>FY17 VS FY16</b>
Revenue	914.8	548.9	66.7%	3,717.7	3,509.6	5.9%
Gross profit	360.6	232.6	55.0%	1,413.8	1,457.7	(3.0)%
Gross profit margin	39.4%	42.4%	(3.0)ppt^	38.0%	41.5%	(3.5)ppt^
Other operating income	4.5	(14.2)	(131.7)%	13.8	118.9	(88.4)%
Distribution & selling expenses	(283.8)	(310.6)	(8.6)%	(712.1)	(760.7)	(6.4)%
Administrative expenses	(41.7)	(40.9)	1.9%	(132.6)	(167.4)	(20.8)%
Finance costs	(14.3)	(8.1)	75.6%	(56.5)	(43.9)	28.9%
Fair value loss on convertible loan	(11.1)	-	N/A	(11.1)	-	N/A
Changes in fair value of the option derivatives in relation to convertible bonds	13.3	19.9	(33.1)%	6.2	133.3	(95.3)%
Net profit attributable to shareholders	4.9	(106.0)	(104.6)%	356.0	577.6	(38.4)%
Adjusted net profit*	2.7	(125.6)	(102.1)%	360.8	344.8	4.7%

^ppt refers to percentage point

\*Adjusted net profit excludes the impact of changes in fair value of the option derivatives in relation to convertible bonds ("CBs"), fair value gain on straight debt component of CBs, fair value loss on convertible loan and gain on restructuring of CBs

**SINGAPORE – 27<sup>th</sup> Feb 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 fourth quarter period ended 31 December 2017 (“4Q17”) as well as full year ended 31 December 2017 (FY17”).

In 4Q17, net profit attributable to shareholders for the Group improved to RMB 4.9 million compared with a loss of RMB 106.0 million in the same period last year (“4Q16”). The improvement in net profit was mainly due to strong revenue growth of 66.7% in 4Q17 which led to a 55.0% jump in gross profit to RMB360.6 million. In FY17, net profit attributable to shareholders for the Group decreased by 38.4% to RMB 356.0 million from RMB 577.6 million in the same period last year (“FY16”). The decrease in net profit was mainly due to lower gross profit margin and changes in fair value of the option derivatives in relation to convertible bonds. Excluding the impact of changes in fair value in relation to convertible bonds (“CBs”), fair value gain on straight debt component of CBs, fair value loss on convertible loan and gain on restructuring of CBs, adjusted net profit would have risen by 4.7% to RMB360.8 million in FY17 from RMB344.8 million.

Earnings per share (“EPS”) in FY17 decreased to SGD 8.0 cents from SGD 17.8 cents in FY16 while net asset value (“NAV”) per share decreased to SGD 65.4 cents as at 31 December 2017 from SGD 74.0 cents as at 31 December 2016 due to enlarged share based upon completion of rights issue. (EPS calculations in FY17 and FY16 based on weighted average number of ordinary shares of 922,390,000 and 673,344,000 respectively. NAV calculations as at 31 December 2017 and 31 December 2016 based on 979,410,658 shares and 673,344,828 shares respectively. Exchange rate used SGD1=RMB4.82)

Mr Huang Yupeng 黄育鹏, Chairman and CEO of Sino Grandness said, “I am pleased to see that demand for all our products remain strong, especially in 4Q17 with Group revenue rising 66.7%. This has pushed our full year revenue in FY17 to a record high of RMB3.7 billion. Having completed the rights issue and generated RMB493.6 million in net cash from operating activities during FY17, we exited the year with a healthy balance sheet, as our cash and cash equivalents increased to RMB693.6 million as at 31 December 2017 compared with RMB297.7 million as at 31 December 2016.”

“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 expand its online and offline distribution network. In September 2017, our wholly-owned subsidiary, Garden Fresh (Shenzhen) Fruit & Vegetable Beverage Co., Ltd. (“Garden Fresh Shenzhen”) was accorded the prestigious **Asia Brands Top 500** award during the 12th Asia Brand Ceremony held in Hong Kong with a brand appraisal value of RMB12.83 billion. This is the third time we received this prestigious title and listed amongst other leading brands in Asia. In February 2018, Garden Fresh Shenzhen was further accorded the title of Shenzhen Agriculture Leading Dragon Head Enterprise (深圳市重点农业龙头企业) by Economic, Trade and Information Commission of Shenzhen Municipality (深圳市经济贸易和信息化委员会). This title is accorded based on evaluation of the following factors: enterprise scale, production capacity, credit worthiness, gearing ratio, business impact and product competitiveness,” added Mr Huang.

## Revenue analysis by segments:

	4Q			12 months (FY)		
	Oct – Dec 2017	Oct – Dec 2016	Chang e	Jan – Dec 2017	Jan – Dec 2016	Chang e
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
<b>Product segment</b>						
<b>Canned products</b>						
- overseas	97,384	60,829	60.1	550,683	535,366	2.9
- domestic	105,811	82,919	27.6	474,787	443,225	7.1
<b>Beverage</b>	711,569	405,118	75.6	2,692,264	2,531,014	6.4
<b>Total</b>	914,764	548,866	66.7	3,717,734	3,509,605	5.9

The Group's revenue increased by 5.9% in FY17 to RMB3,717.7 million from RMB3,509.6 million in FY16 due to higher orders from all product segments. Sales of overseas canned products increased by 2.9% to RMB550.7 million in FY17 from RMB535.4 million in FY16. Beverage segment sales which comprised Garden Fresh juices increased by 6.4% to RMB2,692.3 million in FY17 from RMB2,531.0 million in FY16. Domestic canned products sales increased by 7.1% to RMB474.8 million in FY17 from RMB443.2 million in FY16. The increase in sales of beverage segment and domestic canned product segment was mainly due to steady expansion of distribution network in China.

In FY17, distribution and selling expenses decreased by 6.4% to RMB712.1 million from RMB760.7 million in FY16 primarily due to the decrease in advertising and promotional expenses. Administrative expenses decreased by 20.8% to RMB132.6 million in FY17 from RMB 167.4 million in FY16 partly due to a decrease in exchange losses and lower professional expenses in relation to the proposed listing of the Group's beverage business.

The Group's gross profit in FY17 decreased marginally by 3.0% to RMB1,413.8 million from RMB1,457.7 million in FY16 as a result of lower gross profit margin ("GPM"). GPM for the Group in FY17 decreased to 38.0% from 41.5% in FY16 due to higher cost of raw materials for overseas canned products segment and change in product mix for the beverage segment.

## Outlook

As a result of rising health awareness, higher disposable income, ageing population and lifestyle changes, 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 July and August 2017, the Group entered into separate agreements with 北京京东世纪信息技术有限公司 ("Jingdong") for the distribution of the Group's canned products and beverage products respectively on Jingdong's distribution network across China. Additionally, the Group has also commenced online sales of its products on www.JD.com, which is the e-commerce platform of Jingdong.

In September 2017, the Group announced during the official launch event in Shenzhen, PRC by 深圳市微信食品股份有限公司 (“Wechat Food”) for a new distribution network called ”物联网-云平台” (“cloud platform for online products”), that the Company has entered into an agreement with Wechat Food to distribute the Group’s beverage products on the new distribution network comprising automatic vending machines to be rolled out across China using Wechat Food’s cloud platform. When the vending machines are fully rolled out across China, covering multiple cities, in buildings, hotels and offices, the Group’s products will become highly visible and easily accessible to consumers.

In October 2017, the Group announced that its own-branded Garden Fresh loquat juices have been procured by China Southern Airlines Company Limited (“CSA”) (中国南方航空股份有限公司) and being served in CSA’s premium lounge for business and first class travelers within Shenzhen airport (深圳机场明珠贵宾厅) since September 2017. The Group also updated that China’s three other major airlines namely Air China Limited (中国国际航空股份有限公司), China Southwest Airlines (中国西南航空公司) and Sichuan Airlines Co., Ltd. (四川航空股份有限公司) have been procuring Grandness canned fruits to be served in their respective lounges as well as during flights for the third year running.

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

-- END --

#### **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.*

**For further information please contact :**

Mr. Stephen Yong  
VP, Investor Relations  
Sino Grandness Food Industry Group Limited  
Tel : +65-92999316  
Email : [ssyong@grandnessgroups.com](mailto:ssyong@grandnessgroups.com)