



# Sino Grandness Food Industry Group Limited

FY15 Results Briefing  
26 Feb 2016





# Important Notice

**This presentation 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, adverse weather 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, such as the spread of deadly virus. 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.**



# Presentation Outline

**Section 1: Key Financial Highlights**

**Section 2: Growth Strategies in 2016**

**Section 3: Expansion to Hong Kong Market**

**Section 4: Update of Hubei & Anhui Plant**



# Financial Highlights : FY15 VS FY14

RMB'm	FY15	FY14	Change
Revenue	3,313.9	2,819.4	17.5%
Gross profit ("GP")	1,373.6	1,127.9	21.8%
Gross profit margin	41.4%	40.0%	1.4ppt
Distribution and selling expenses ("D&S")	(570.2)	(379.8)	50.1%
Administrative expenses	(111.6)	(96.0)	16.2%
Finance costs	(227.0)	(85.7)	164.9%
Non-cash interest expenses related to convertible bonds (A)	(219.0)	(80.9)	170.7%
Changes in fair value of option derivatives in relation to convertible bonds (B)	(91.9)	(155.8)	(41.0)%
Net Profit attributable to Shareholders (C)	206.7	249.5	(17.2)%
Adjusted earnings* (exclude non-cash charges due to convertible bonds)	517.6	486.2	6.5%

\*Adjusted Earnings = C-B-A



# Financial Highlights : 4Q15 VS 4Q14

(RMB'm)	4Q15	4Q14	Change
Revenue	857.3	503.6	70.2%
Gross profit ("GP")	363.1	219.7	65.3%
Gross profit margin	42.4%	43.6%	(1.2ppt)
Distribution and selling expenses ("D&S")	(205.7)	(138.9)	48.1%
Administrative expenses	(22.6)	(40.9)	(44.7)%
Finance costs	(244.9)	(69.0)	255.1%
Non-cash interest expenses related to convertible bonds (A)	(243.7)	(68.7)	254.7%
Changes in fair value of option derivatives in relation to convertible bonds (B)	(44.9)	(155.8)	(80.5)%
Net Profit attributable to Shareholders (C)	(104.5)	(198.8)	(47.4)%
Adjusted earnings* (exclude non-cash charges due to convertible bonds)	184.1	25.7	616.3%

\*Adjusted Earnings = C-B-A



# Revenue by Segment: FY15 VS FY14

RMB'm	FY15	FY14	Change
Beverage	2319.1	1876.7	23.6%
Overseas canned Products*	576.2	635.2	(9.3)%
Domestic canned Products**	418.6	307.5	36.1%
<b>Total</b>	<b>3,313.9</b>	<b>2,819.4</b>	<b>17.5%</b>

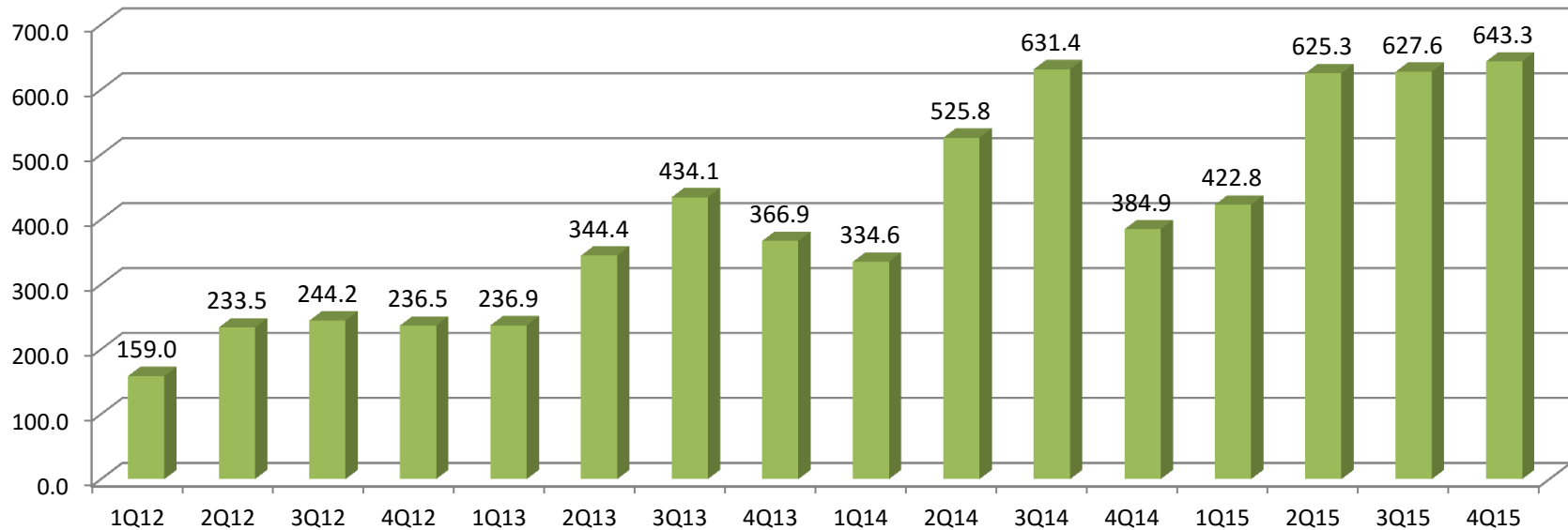
\* Includes canned vegetables such as asparagus, long beans and mushrooms

\*\*Includes canned fruits such as peaches, pineapples, pears, mixed-fruits and mandarin oranges.



# Beverage Quarterly Sales for 4Q 2015

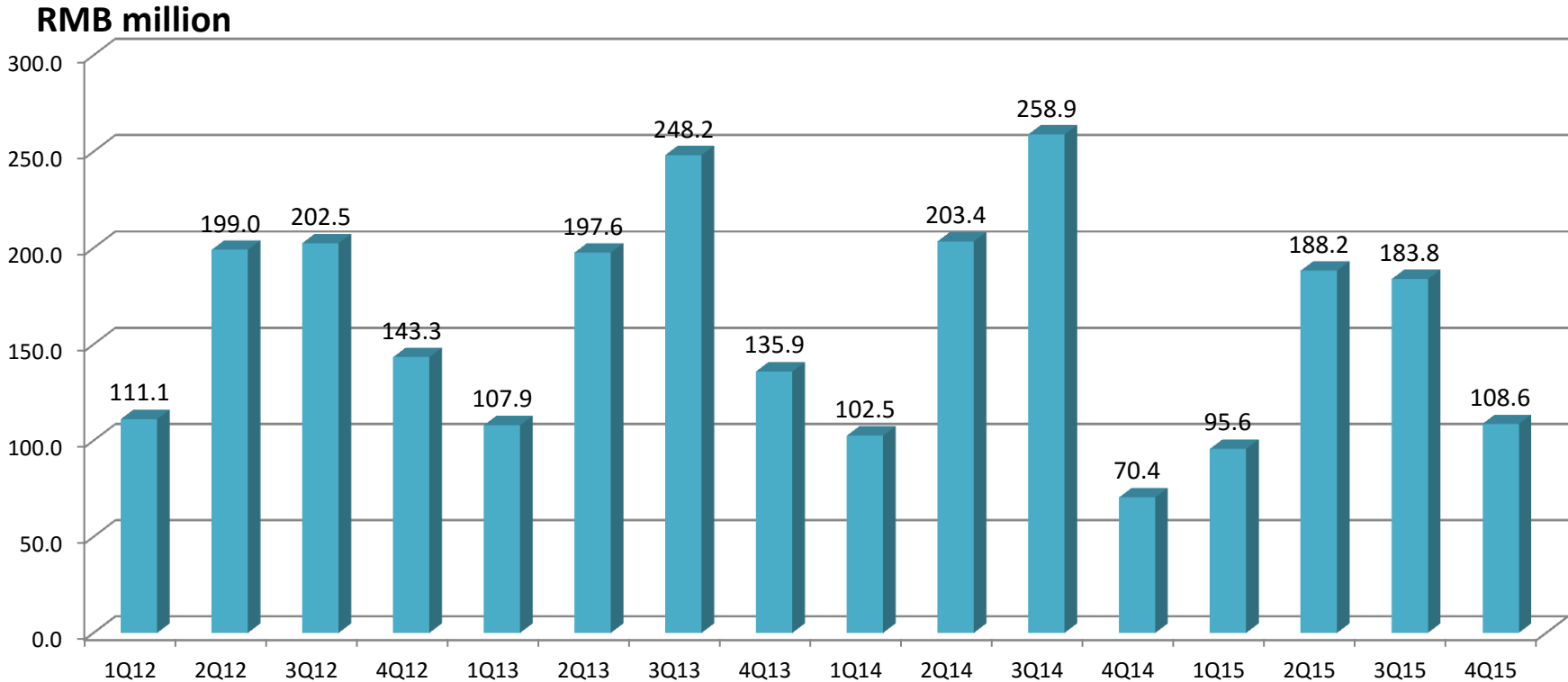
RMB million



- The Group's beverage sales increased by 67.1% from RMB 384.9m in 4Q14 to RMB 643.3 in 4Q15 and ("QoQ") increased by 2.5% from RMB 627.6m in 3Q15 to RMB 643.3m in 4Q15. The increase in revenue was due mainly to the expansion of our distribution network in China as well as higher sales generated from trade fairs in China particularly in Chengdu and Nanjing.



# Overseas Canned Product Quarterly Sales for 4Q 2015



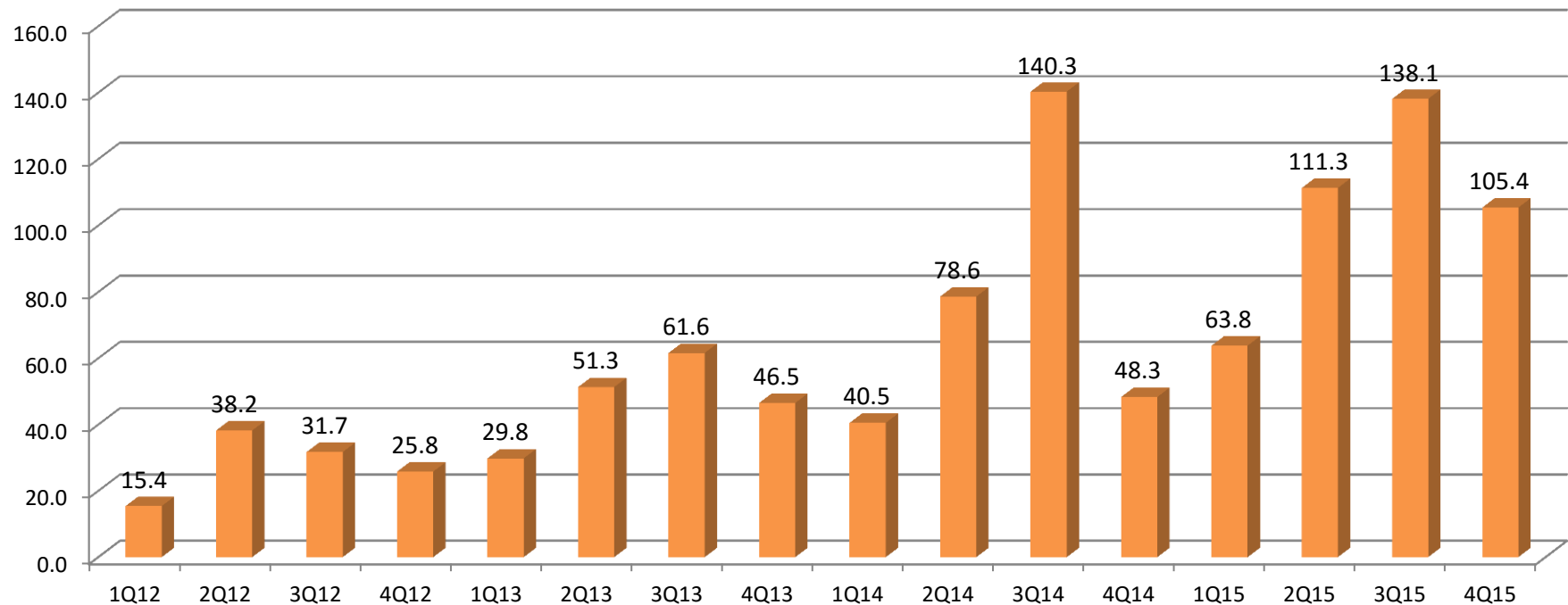
- The overseas canned product sales increased by 54.3% from RMB 70.4m in 4Q14 to RMB 108.6m in 4Q15. The increase in sales was due mainly to the stronger orders from overseas customers.
- (“QoQ”) dropped by 40.9% from RMB 183.8m in 3Q15 to RMB 108.6m in 4Q15 as our sales tend to be higher in 2Q and 3Q compared to 1Q and 4Q because our orders are generally delivered to overseas customers before year end festival season.





# Domestic Canned Product Quarterly Sales for 4Q 2015

RMB million



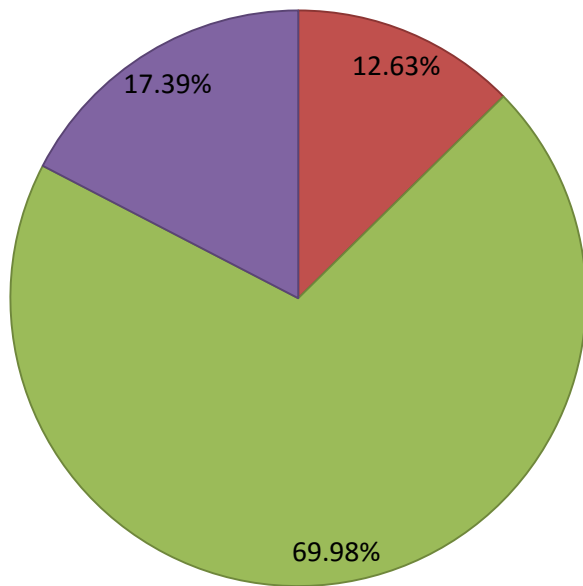
- The Group's domestic canned product increased by 118.2% from RMB 48.3m in 4Q14 to RMB 105.4m in 4Q15 it was mainly due to further expansion of product range and distribution network in China
- The sales for ("QoQ") decreased by 23.7% from RMB 138.1m in 3Q15 to RMB 105.4m in 4Q15 it was due to low orders from some of our customers.



# Sales by Product Mix

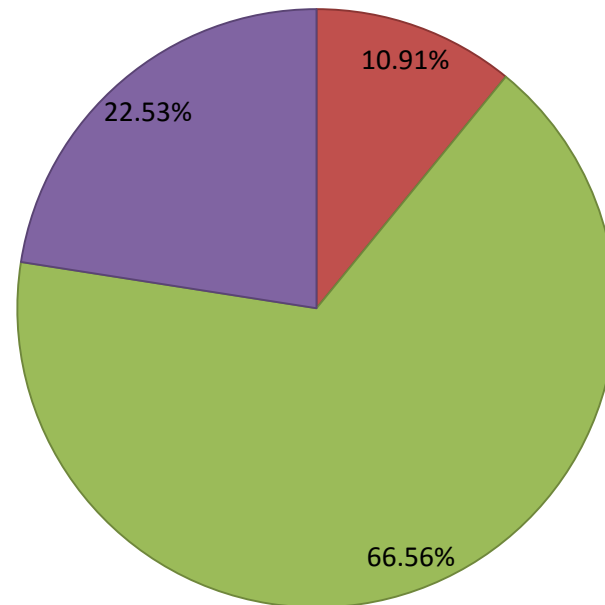
- Beverage segment (which consists Garden Fresh juices) is the largest contributor to Group revenue with its contribution rising to 69.98% in FY15 from 66.56% in FY14
- Domestic canned products (which consists Grandness canned fruits) also reported higher contribution to Group revenue, rising to 12.63% in FY15 from 10.91% in FY14

Revenue breakdown for FY2015



■ Domestic Canned Product ■ Beverage ■ Oversea Canned Product

Revenue breakdown for FY2014



■ Domestic Canned Product ■ Beverage ■ Oversea Canned Product



# Gross Profit Margin Analysis

- The Group's Gross Profit Margin (GPM) increased from 40.0% in FY14 to 41.4% in FY15 from due to higher GPM for beverage segment which benefitted from lower cost of raw materials for beverage segment.

	FY15 Gross profit RMB mil	FY14 Gross profit RMB mil	Gross profit Change	FY15 GPM	FY14 GPM
Beverage	1,028.4	805.7	27.6%	44.3%	42.9%
Overseas canned products	171.4	194.1	-11.7%	29.7%	30.6%
Domestic canned products	173.8	128.0	35.8%	41.5%	41.6%
<b>TOTAL</b>	<b>1,373.6</b>	<b>1,127.9</b>	<b>21.8%</b>	<b>41.4%</b>	<b>40.0%</b>



# Balance Sheet

<b>(RMB'm)</b>	<b>As at 31 Dec 2015</b>	<b>As at 31 Dec 2014</b>
<b>Current assets</b>	1,527.0	1,646.7
<b>Non-Current assets</b>	1,649.6	999.0
<b>Current liabilities</b>	1,346.6	1,033.8
<b>Non-Current liabilities</b>	20.2	20.2
<b>Net assets</b>	1,809.9	1,591.6
<b>NAV per share (RMB cents)*</b>	268.8	236.4
<b>NAV per share (SGD cents)^</b>	57.8	50.7

\*Based on share capital of 673,344,828

^Based on exchange rate S\$1.00 = RMB4.66



# Borrowing & Gearing

(RMB'm)	As at 31 Dec 2015	As at 31 Dec 2014
Convertible bonds (a)	1,032.9	722.1
Bank loans (b)	130.0	59.2
Total debt = a+b	1,238.1	781.3
Cash & equivalents	143.0	223.6
Net debt	1,095.1	557.7
Equity	1,809.9	1,591.6
Net gearing*	60.5%	35.0%

\*Net gearing = Net debt/Equity



# Proposed Dividend

The Board of Directors proposed final dividend per ordinary shares of RMB0.018 for FY2015. The proposal is subject to approval by shareholders at the forthcoming Annual General Meeting.



## Growth Strategies in 2016





# Growth Strategies 2016

- **Increase Market Share in China & Hong Kong through :**

- Intensify Sales and Marketing programmes
  - Expand Sales and Distribution Network
  - Rapid expansion of New Retail Distribution in China

- **We have invested over RMB 1.4 billion in growing our brand equity and distribution network over the past 5 years.**

- **Key sales and marketing activities included:**

- Trade Exhibitions
  - TV commercials on CCTV channels and Shenzhen Satellite
  - Advertisements during weather reports on TV
  - Indoor and outdoor advertisements
  - Sponsoring TV variety shows 男左女右 (Men VS Women), 鞠说好看 (Ju's Show), 饮食男女 (Romance in the City) and 非正式会谈 (Informal Talks)





# F&B Trade Exhibition in Chengdu, Sichuan Province in March 2015

- Chengdu Trade Exhibition in late March 2015, indicative orders up 21% to RMB 470m for Garden Fresh juices.
- During the trade fair, the Group launched new beverage products (“Loquat-lemon juice” & Loquat-Kumquat juice”) and new products for canned fruits segment.



Loquat Lemon Juice (550ML)



Loquat kumquat Juice (550ML)



# F&B Trade Exhibition in Chengdu, Sichuan Province in March 2015





# F&B Trade Exhibition in Chengdu, Sichuan Province in March 2015



- Introduction of new canned products in Chengdu trade exhibition in March 2015 such as jam, variety of canned fruits which included coconut, pear, etc
- Leveraging on our growing distribution network to roll out new canned products under in-house “Grandness” label.

- Nanjing trade show, indicative orders for Garden Fresh beverage products exceeding RMB380 million
- During the trade show, the Group launched new beverage products (“Yogurt Drink with five blended loquat flavors”)



Entrance to trade show



Loquat Papaya, Loquat Strawberry, Loquat Mango, Loquat Blueberry, Loquat Waxberry



Senior Management of TTA Group & Chairman of Sino Grandness



# F&B Trade Show in Nanjing PRC - October 2015

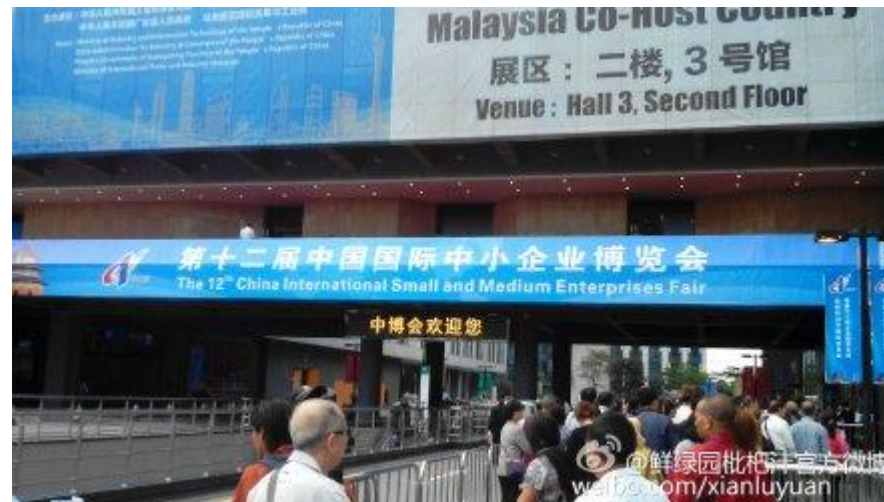
## New products launch





# Guangzhou Trade Fair in October 2015

Sino Grandness participated the 12<sup>th</sup> China International Small and Medium Enterprises Fair





# TV Sponsorships: Men Vs Women in March 2015

深圳卫视 有志者 跟我来

鲜绿园  
50% 枇杷果汁含量  
枇杷汁 饮料  
【枇杷】 承四时之雨露 集百“果中之皇”之美质  
Loquat Juice  
净含量：500ml

3月27日起每周五晚  
21:08  
大型全明星两性观点互动话题秀  
MEN&WOMEN

鲜绿园枇杷汁



**Men Vs Women variety show** sponsorship is to boost Garden Fresh brand awareness and perception as the show are being broadcast across multiple cities in China and streaming over internet. The show will be aired every Friday at 9:08 from March, 2015.

Main organizer : Shenzhen Media





- Title sponsor for the second season of a new series of variety talk show called 非正式会谈 (“Informal Talks”)
- Produced by Hubei Satellite Channel, Informal Talks invites youths from 10 different countries of different age groups and different working experiences to discuss about various topics concerning daily life and childhood.
- Aired every Friday 920pm on Hubei Satellite Channel from 11<sup>th</sup> December 2015
- Can be viewed online at [www.letv.com](http://www.letv.com) or <http://v.qq.com>





# A&P 2016: TV Drama Series Sponsorship (“Romance in the City 饮食男女”) to air from February 2016

- Romance in the City 饮食男女 is a drama series jointly invested by Shenzhen Media Group (深圳广电集团), Media Asia Entertainment Group (寰亚传媒集团), Shanghai Media Group (上海文广集团), Alibaba Pictures (阿里巴巴影业).
- The show will be broadcast by 11 stations in more than 10 cities across China. Additionally, 30 other local broadcast stations have indicated strong interest to telecast the show.
- It is expected that 200 episodes (25min each).





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# A&P 2016: TV Drama Series Sponsorship (“Romance in the City 饮食男女”) to air across >20 stations from February 2016

## 鲜绿园 《饮食男女》播出平台及播出时间

序号	平台	播出频道/时段
1	深圳广电集团	电视剧频道：2月8日-14日（初一至初七）17:47-19:20集中播出，每天四集；之后周播，每周六、日18:25-19:25，每天两集。
2	北京台	饮食频道
3	广州台	生活频道
4	广西台	广西综艺，春节播出
5	黑龙江台	影视频道，周一周二播，每周四集，17:50-18:30
6	湖北台	经视频道22:30
7	南京台	影视频道18:48左右
8	苏州台	文化生活频道20:20-20:50
9	无锡台	都市频道22:30
10	沈阳台	公共社会频道19:30
11	青岛台	都市频道21:00-22:00
12	重庆台	影视频道18:20-19:20
13	河北台	都市频道
14	安徽台	影视频道
15	郑州台	都市生活频道18:00-20:00
16	南阳台	图文频道18:00-20:00
17	信阳台	电视剧频道18:00-20:00
18	许昌台	农业科教频道18:00-20:00
19	新乡台	晴彩频道18:00-20:00
20	三门峡台	图文频道18:00-20:00
21	泰州台	
22	山东东营台	公共频道
23	北京盛世骄阳文化传播有限公司	已购买网络发行版权，目前与视频网站洽谈中。



# A&P 2015: Outdoor Advertisements Hong Kong



Magazines & Newspapers



Buses



Mass Transit Railway



# A&P 2015: Outdoor Advertisements





# Advertisements at high traffic immigration points January 2016 in Guangdong and Guangxi provinces

Strategic immigration points at Huanggang, Lowu, Futian, Shataokok, Wenjingdu, Fuyong, Shekou and Dongxing





Advertisement in Chengdu MRT Station





# A&P 2015: TV Commercials on CCTV & Shenzhen Satellite Channels



- CCTV1 broadcasts broad range of programs and is the flagship free channel of CCTV.
- CCTV3 broadcasts art focused such as dance and music related programs



公共频道《18点新闻》天气预报植入)



Entertainment Channel 娱乐频道《食客准备》



# Corporate Social Responsibility : Chinese New Year event for the elderly in Hong Kong in January 2016





# Corporate Social Responsibility : Shenzhen Lion Club event in August 2015



@鲜绿园枇杷汁官方微博  
weibo.com/xianluyuan







# A&P 2015: Outdoor Activities in PRC





东北品尝会



吉林省网吧



四川荣县大佛活动



## Presence in Hong Kong Retail market





# Expansion to Hong Kong: wellcome supermarket

- Oct 2014, secured new distributor to roll-out Garden Fresh juices into **wellcome** stores in Hong Kong
- The supermarket is one of the largest chain stores in Hong Kong with >200 retail points

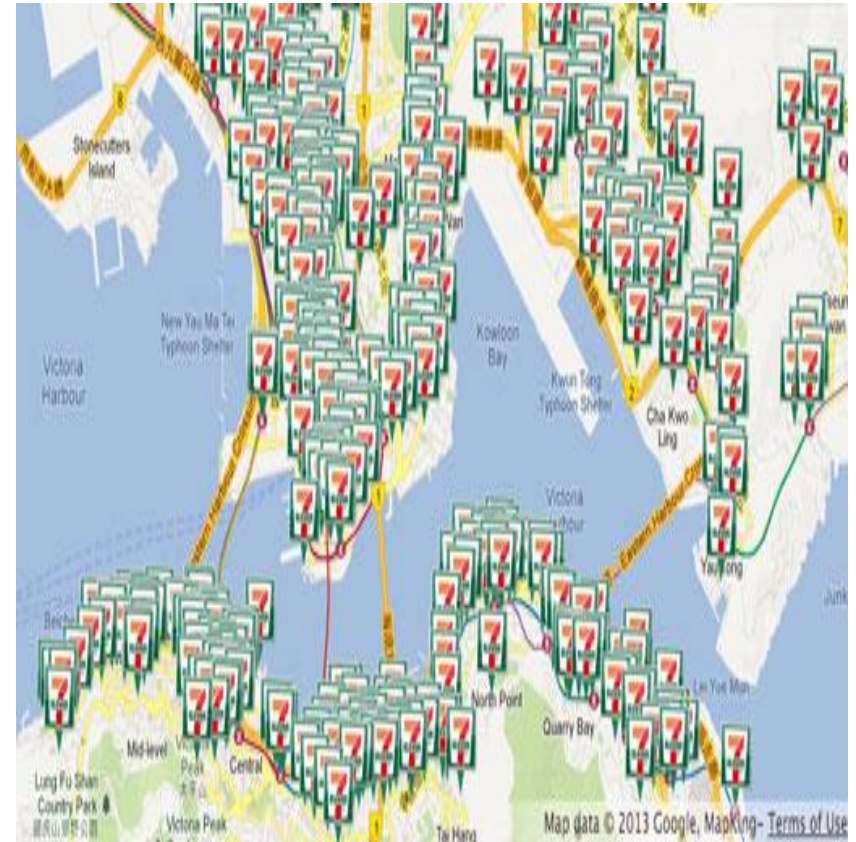


**wellcome** stores in Hong Kong



# Expansion to Hong Kong: 7-Eleven Chain Stores

- May 2015 announced Garden Fresh juices were distributed into **7-Eleven**, which is one of the most recognized and easily found retail points in Hong Kong. (> 900 **7-Eleven** stores in Hong Kong)



# Expansion to Hong Kong: 7-Eleven Chain Stores (visit by spore analysts in Oct 2015)



7-Eleven Stores



# Expansion to Hong Kong: PARKnSHOP Supermarket (visit by spore analysts in Oct 2015)

- The Group has also rolled out its beverage products in Park n Shop in 2Q15
- Park n Shop is one of the two largest supermarket in Hong Kong which is jointly owned by Li ka shing and Temasek holding in Singapore.
- ParknShop has over 300 outlets in Hong Kong, Macau and Mainland China







# Expansion to Hong Kong: TASTE Supermarket (visit by spore analysts in Oct 2015)

- Recently the Group has also rolled out its Garden Fresh beverage into the Chain super market in Hong Kong
- Taste is a chain supermarket in Hong Kong owned by AS Waston, a wholly owned subsidiary of Hutchison Whampoa (Asia Tycoon Li Ka Shing)





## Hubei and Anhui Plants





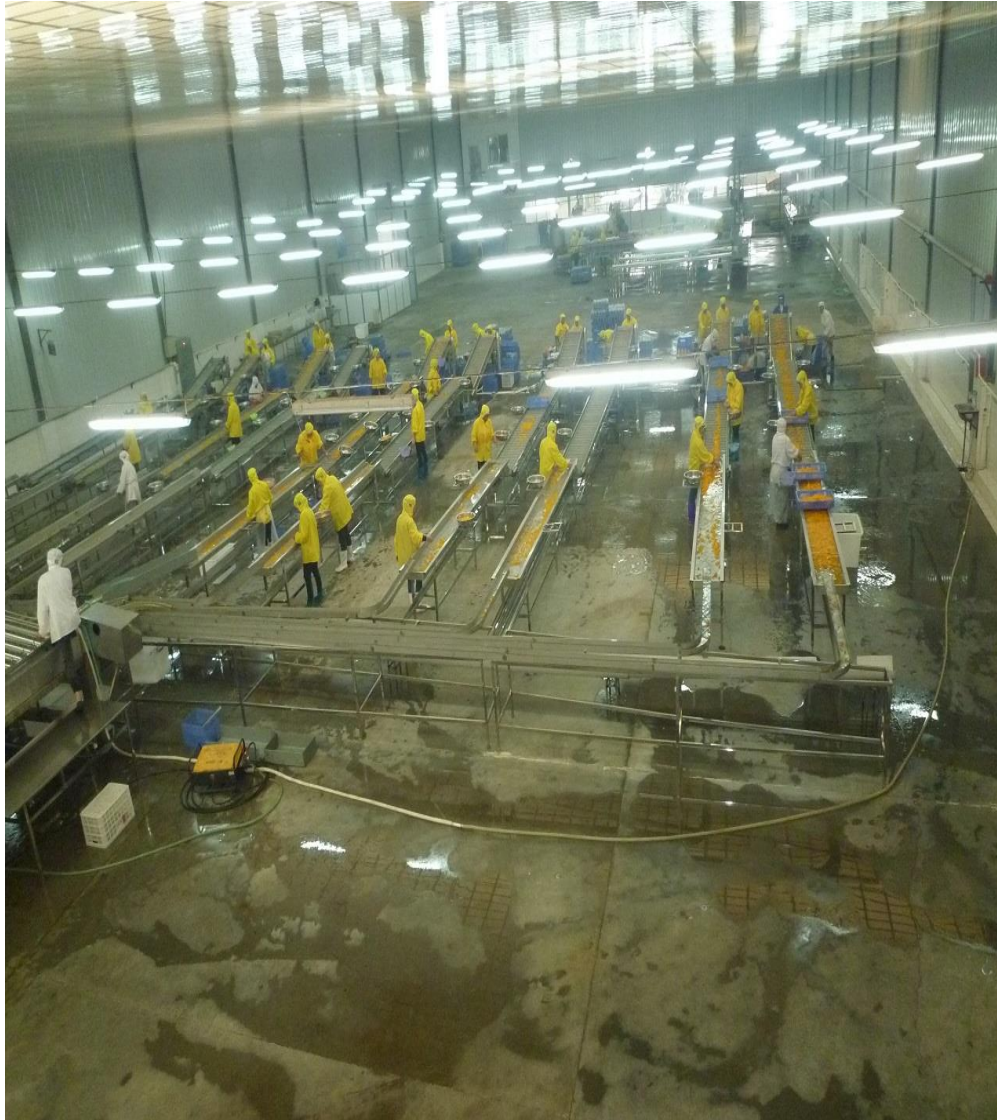
# New Plant in Hubei Province, PRC

- Commenced in Oct 2014, the new plant occupies land area of approximately 160mu (about 106,560 sqm)
- ***240,000 tons per annum capacity***





# Production for Hubei Factory





# State-of –the art Machinery in Hubei Province, PRC





# State-of-the-art Machinery in Hubei Province, PRC





# New Anhui plant in Guzhen (“固镇”) Construction in Progress





# Construction in Progress for Hubei Plant







Thank You  
Q&A

