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NEWS RELEASE

SINO GRANDNESS REPORTS NET PROFIT OF RMB52.8M ON REVENUE OF RMB635.1M IN 1Q17

- 1Q17 Group revenue down 12.2% to RMB635.1m from RMB723.7m due to lower orders from beverage segment and overseas canned products segment
- Gross profit declined 16.2% to RMB248.5m from RMB296.7m
- Completion of rights issue raised cash and cash equivalents increased significantly to RMB780.4m as at 31 March 2017 compared with RMB297.7m as at 31 December 2016 as a result of higher net cash generated from operations and completion of rights issue
- NAV per share increased to SGD 57.8 cents as at 31 March 2017 from SGD 50.0 cents as at 31 December 2016

Financial Highlights RMB (million)	**1Q17**	**1Q16**	**1Q17 VS 1Q16**
Revenue	635.1	723.7	(12.2)%
Gross profit	248.5	296.7	(16.2)%
Gross profit margin	39.1%	41.0%	(-1.9ppt)^
Other operating income	9.0	106.8	(91.6)%
Distribution & selling expenses	(113.6)	(114.3)	(0.7)%
Administrative expenses	(41.6)	(38.6)	7.7%
Finance costs	(12.5)	(6.3)	98.3%
Changes in fair value of the option derivatives in relation to convertible bonds	(7.1)	157.9	(104.5)%
Net profit attributable to shareholders	52.8	360.2	(85.3)%
Adjusted net profit*	59.9	110.7	(45.9)%

^ppt means percentage point
*Adjusted net profit excludes the impact of changes in fair value of the option derivatives in relation to convertible bonds (“CBs”) and gain on restructuring of CBs

SINGAPORE – 12 May 2017 – 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 first three months ended 31 March 2017 ("1Q17").

In 1Q17, net profit attributable to shareholders for the Group decreased by 85.3% to RMB52.8 million from RMB360.2 million in the same period last year ("1Q16"). The decrease in net profit was mainly due to lower revenue for the Group, changes in fair value of the options derivatives in relation to convertible bonds ("CBs") and absence of gain on restructuring of CBs in 1Q17.

Earnings per share ("EPS") for 1Q17 decreased by 85.3% to SGD 1.1 cents from SGD 7.5 cents in 1Q16 while net asset value ("NAV") per share increased to SGD 57.8 cents as at 31 March 2017 from SGD 50.0 cents as at 31 December 2016. (EPS and NAV calculations are based on enlarged share base of 979,410,658 shares after completion of rights issue and on exchange rate of SGD1=RMB4.90)

Mr Huang Yupeng 黄育鹏, Chairman and CEO of Sino Grandness said, "Our net profit in 1Q17 was impacted by non-cash adjustments relating to the CBs as well as changes in consumption environment of the domestic beverage market in the PRC.

However, I am pleased to exit the quarter with a stronger balance sheet as we generated higher net cash from operations and successfully completed the rights issue in March 2017. This significantly improved our cash balance to RMB780.4 million as at 31 March 2017 compared to RMB297.7 million as at 31 December 2016."

"In the long run, I remain optimistic about the growth potential of the consumer market in the PRC due to its huge population base and rising disposable income. 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 to enhance its brand visibility and brand recognition. Additionally, the Group will continue to grow our product range and explore various strategic collaborations in order to expand our online and offline distribution channels."

Revenue analysis by segments:

	3 months		
	1Q17 (Jan – Mar)	**1Q16 (Jan – Mar)**	Change
Product segment	**RMB '000**	**RMB '000**	%
Canned products			
- overseas	99,688	105,842	(5.8)
- domestic	72,234	70,348	2.9
Beverage	463,165	547,516	(15.4)
Total	635,087	723,706	(12.2)

The Group's revenue decreased by 12.2% in 1Q17 to RMB635.1 million from RMB723.7 million in 1Q16 due to changes in consumption environment of the domestic beverage market and lower sales for overseas canned products segment. Sales of overseas canned products decreased by 5.8% to RMB99.7 million in 1Q17 from RMB105.8 million in 1Q16. Beverage segment sales which comprised Garden Fresh juices declined 15.4% to RMB463.2 million in 1Q17 from RMB547.5 million in 1Q16 while domestic

canned products sales increased by 2.9% to RMB72.2 million in 1Q17 from RMB70.3 million in 1Q16. The decrease in sales of beverage segment was mainly due to changes in consumption environment of the domestic beverage market in the PRC while domestic canned products segment recorded marginally higher sales due to expansion of product range and distribution network.

In 1Q17, distribution and selling expenses decreased marginally by 0.7% to RMB113.6 million from RMB114.3 million in 1Q16 primarily due to lower costs relating to advertising and promotion activities, transportation as well as staff benefits. Administrative expenses increased by 7.7% to RMB41.6 million in 1Q17 from RMB38.6 million in 1Q16 due to increase in legal and professional fees.

The Group's gross profit in 1Q17 decreased by 16.2% to RMB248.5 million from RMB296.7 million in 1Q16 as a result of lower Group revenue and lower gross profit margin ("GPM"). GPM for the Group in 1Q17 decreased to 39.1% from 41.0% in 1Q16 due to higher cost of raw materials and change in product mix in 1Q17.

Outlook

In 1Q17, the National Bureau of Statistic of China ("NBS") reported that China's gross domestic product ("GDP") increased by 6.9% year-on-year to RMB 18,068.3 billion as the economy maintained steady growth momentum. The nationwide per capita disposable income was RMB 7,184 in 1Q17, representing year-on-year growth of 8.5%. Total retail sales of consumer goods in 1Q17 rose 10.0% to RMB 8,582.3 billion with retail sales in rural area rising 11.9% to RMB 1,242.6 billion while retail sales in urban area rising 9.7% to 7,339.8 billion. In 1Q17, the online retail sales surged 32.1% to RMB 1,404.5 billion*.

According to a market report by CBNData, the percentage of Chinese internet users who purchased products online has increased rapidly from 35.6% in 2011 to 60.0% in 2015^. Over the next few years, retail e-commerce sales in China are expected to grow from approximately USD298.9 billion in 2015 to USD839.5 billion in 2021^^.

As a result of rising disposable incomes, ageing population, 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. Sino Grandness 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.

In January 2017, the Group announced that it has entered into an agreement with 深圳市微信食品股份有限公司("Wechat Food") to distribute the Company's full range of own-branded products, including beverage products, canned food and snack food through a mobile internet platform developed by Wechat Food. In January 2017, the Group also announced that it has entered into a strategic agreement with 重庆市礼仪之邦电子商务有 限公司 ("LYZB E-Commerce") to distribute the Group's full range of own-branded products through LYZB E-Commerce's mobile internet platform called 集食惠 ("Ji Shi Hui"). Ji Shi Hui is a mobile internet marketing platform which can be accessed through the computer or mobile devices through the mobile application called Ji Shi Hui.

The strategic collaborations with Wechat Food and LYZB E-Commerce are in line with the Chinese government's initiatives to promote the new economy whereby online and offline business models work together to achieve synergies in cost savings and to generate greater turnover. Sino Grandness aims to expand its reach and turnover further in the China market through building a comprehensive distribution network comprising tens of thousands of retail points covering hundreds of cities (百城万店) which connects suppliers of safe and healthy food items with consumers through mobile internet. The recent collaborations with operators of online marketing platforms reflect the strategic move and emphasis which the Group is gradually putting into expanding its online distribution network going forward.

Barring unforeseen circumstances, the Group remains optimistic about its operating performance in FY2017.

Source :

* http://www.stats.gov.cn/english/PressRelease/201704/t20170417_1484966.html

^http://www.cbndata.com/report/87

^^https://www.statista.com/statistics/246041/forecast-of-b2c-e-commerce-sales-in-china/

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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 including Lidl, Rewe, Carrefour, Walmart, 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 four provinces, namely Shandong, Shanxi, Sichuan and Hubei – 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 is currently building a new plant in Anhui province.

In recognition of the Group's R&D and brand building efforts, Garden Fresh brand has 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. Garden Fresh is ranked as the leading loquat juice brand in China in 2015 according to a market 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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