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

SINO GRANDNESS 1Q16 NET PROFIT SURGED 233.0% TO RMB360.2M FROM RMB108.2M

- 1Q16 revenue up 24.3% to RMB723.7m with higher sales across the board for all product segments
- 1Q16 gross profit up 24.9% to RMB296.7m from RMB237.5m in 1Q15
- 1Q16 beverage segment revenue up by 29.5% to RMB547.5m due to strong orders for Garden Fresh juices
- 1Q16 domestic and overseas canned products revenue increased by 10.2% and 10.8% respectively
- Cash and cash equivalents as at 31 March 2016 increased to RMB382.6m compared to RMB143.0m as at 31 December 2015

Financial Highlights RMB (million)	1Q16	1Q15	1Q16 VS 1Q15
Revenue	723.7	582.2	24.3%
Gross profit	296.7	237.5	24.9%
Gross profit margin	41.0%	40.8%	0.2ppt
Other operating income	106.8	12.4	N.M.
Distribution & selling expenses	(114.3)	(62.0)	84.5%
Administrative expenses	(38.6)	(40.9)	(5.7%)
Finance costs	(6.3)	(65.9)	(90.4%)
Changes in fair value of the option derivatives in relation to convertible bonds	157.9	67.6	133.6%
Net profit attributable to shareholders	360.2	108.2	233.0%

*According to market research report by Euromonitor International Limited

SINGAPORE – 12 May 2016 – 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 first three months ended 31 March 2016 (“1Q16”).

In 1Q16, net profit attributable to shareholders for the Group surged 233.0% to RMB360.2 million compared to RMB108.2 million from the same period last year (“1Q15”). The increase in profit was mainly due to higher sales across the board, improved profit margin, higher other operating income and changes in fair value of the option derivatives in relation to convertible bonds.

Mr Huang Yupeng 黄育鹏, Chairman and CEO of Sino Grandness said, “I am pleased to report a positive all round performance with higher sales recorded for all product segments in 1Q16. In particular, our beverage segment remains the key growth driver for the Group with sales rising 29.5%, driven by steady expansion of distribution network and product range. We continued to invest heavily in 1Q16 to strengthen our brand value as reflected by the higher A&P expenses incurred. Over the past few years, we have successfully established Garden Fresh to be the undisputed leader of loquat juice brand in the PRC market with significant market share* and we intend to leverage on this platform to expand our customer base further to more new markets beyond mainland China.”

Revenue analysis by segments:

	1Q		<u>Change</u>
	Jan - Mar 2016	Jan - Mar 2015	
<u>Product segment</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>%</u>
<u>Canned products</u>			
- overseas	105,842	95,558	10.8
- domestic	70,348	63,838	10.2
<u>Beverage</u>	547,516	422,815	29.5
<u>Total</u>	723,706	582,211	24.3

In 1Q16, the Group’s revenue rose by 24.3% to RMB723.7 million from RMB582.2 million in 1Q15. The growth in revenue was mainly attributed to strong orders for own-branded products especially beverage segment. Beverage segment sales which comprised *Garden Fresh* juices rose 29.5% to RMB547.5 million in 1Q16 from RMB422.8 million in 1Q15 while domestic canned products sales increased 10.2% to RMB70.3 million in 1Q16 from RMB63.8 million in 1Q15. The increase in sales of beverage segment and domestic canned products segment was mainly driven by expansion of product range and distribution network in the PRC market. In 1Q16, overseas canned products rose 10.8% to RMB105.8 million from RMB95.6 million on higher sales volume.

*According to market research report by Euromonitor International Limited

Distribution and selling expenses in 1Q16 increased by 84.5% to RMB114.3 million from RMB62.0 million mainly due to higher advertising and promotional (“A&P”) expenses and higher transportation costs. Higher A&P costs were incurred as the Group continued to strengthen brand image in the PRC market via outdoor advertising, various promotional activities as well as TV advertising and sponsorship of high profile TV shows. The increase in transportation costs was mainly attributed to the higher domestic sales of beverage and canned products in the PRC market.

In 1Q16, the Group’s gross profit increased by 24.9% to RMB296.7 million from RMB237.5 million in 1Q15. The Group’s gross profit margin (“GPM”) in 1Q16 increased to 41.0% from 40.8% in 1Q15. The increase in GPM of the Group was mainly due to higher GPM of overseas and domestic canned products which benefitted from lower cost of raw materials.

Cash and cash equivalents for the Group increased to RMB382.6 million as at 31 March 2016 from RMB143.0 million as at 31 December 2015. The increase in cash and cash equivalents was mainly due to net cash generated from operating activities amounting to RMB228.3 million, lower capital expenditure incurred as well as bank loan obtained.

Outlook

National Bureau of Statistic of China reported that China’s Gross Domestic Product increased by 6.7% year-on-year to approximately RMB15,852.6 billion during first 3 months of 2016 (“1Q16”). Total retail sales of consumer goods in 1Q16 rose 10.3% to RMB7,802.4 billion with retail sales in rural area rising 11.0% while retail sales in urban area rising at a relatively slower pace of 10.2%. The stronger growth of rural retail sales was reflective of the higher growth in per capital disposable income of rural residents, rising 9.1% to RMB3,578 as compared to per capital disposable income of urban residents which rose at a slower pace of 8.0% to RMB9,255.

Chinese consumers, as a result of higher disposable income and improved living standards, have shown increasing awareness on and demand for health and wellness related products. 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 food and beverage companies with strong track record such as Sino Grandness in the PRC market.

To capitalize on the growth opportunities for our own-branded products such as Garden Fresh juices, Grandness canned fruits and Hao Tian Yuan snack food, the Group will continue to invest in various advertising and promotional activities as well as sales and marketing initiatives. The Group will also continue to expand its distribution network beyond China’s mainland market to other markets such as Hong Kong, Macau and South East Asia in order to capture a broader customer base and develop its brands in overseas markets.

*According to market research report by Euromonitor International Limited

In December 2015, the Group announced its in-house beverage brand Garden Fresh will be the 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. The participants are not just good looking but have a good command of Mandarin and good communication skills. Filmed in Beijing, broadcast of Informal Talks season 2 has commenced on 11 December 2015 through Hubei Satellite Channel as well as prominent online channels such as www.letv.com and <http://v.qq.com>.

In March 2016, the Group successfully launched various new products under Garden Fresh and Hao Tian Yuan brands during the trade exhibition held in Chengdu, Sichuan Province PRC (“Chengdu Trade Exhibition”). Some of these new products include coconut milk beverage and longan juice under Garden Fresh brand and various dried food such as grilled squid, grilled anchovies and spicy shrimps.

In April 2016, Garden Fresh brand became the main sponsor of 中国好声音 (“The Voice of China”) for the preliminary rounds held in Chengdu, Sichuan Province PRC. China Super Vocal is one of the most popular reality talent shows in China with its strong following and viewership. Through executing various brand sponsorship programs which enjoy strong viewership across China and globally, Garden Fresh brand is expected to experience maximum exposure across multiple platforms including televisions, internet and print media.

Barring unforeseen circumstances, the Group remains optimistic about its operating performance in 2016.

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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 as Lidl, Rewe, Carrefour, Walmart, Huedepen, Coles, Jusco and Metro.

With stringent quality control and procedures implemented in its manufacturing processes, Sino Grandness’ canned products are compliant with international standards,

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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.

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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