



**Sino Grandness Food Industry Group Limited**  
(Incorporated in the Republic of Singapore)  
(Company Registration No.: 200706801H)

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER PERIOD ENDED 31 MARCH 2018**

**PART 1 – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

	<u>1Q</u>		Change %
	Jan - Mar 2018 RMB'000	Jan - Mar 2017 RMB'000	
<b>Revenue</b>	728,087	635,087	14.6
Cost of sales	(463,087)	(386,598)	19.8
<b>Gross profit</b>	265,000	248,489	6.6
Other operating income	20,683	8,981	130.3
Distribution and selling expenses	(150,697)	(113,589)	32.7
Administrative expenses	(43,472)	(41,586)	4.5
Finance costs	(15,840)	(12,512)	26.6
<b>Profit before income tax and changes in fair value of the option derivatives in relation to convertible bonds</b>	75,674	89,783	(15.7)
Changes in fair value of the option derivatives in relation to convertible bonds	-	(7,077)	(100.0)
<b>Profit before income tax</b>	75,674	82,706	(8.5)
Income tax expense	(32,816)	(29,963)	9.5
<b>Profit for the period</b>	42,858	52,743	(18.7)
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	42,858	52,743	(18.7)
<b>Profit for the period attributable to:</b>			
Equity holders of the Parent	43,119	52,786	
Non-controlling interests	(261)	(43)	
	42,858	52,743	
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the Parent	43,119	52,786	
Non-controlling interests	(261)	(43)	
	42,858	52,743	

1(a)(ii) Profit before taxation is determined after (charging)/crediting:-

	<b>1Q</b>		
	<b>Jan – Mar 2018</b>	<b>Jan – Mar 2017</b>	<b>Change</b>
	RMB'000	RMB'000	%
Depreciation of property, plant and equipment	(26,874)	(18,076)	48.7
Amortisation of land use rights	(453)	(599)	(24.4)
Net exchange gain/(loss) (Note)	6,026	(1,679)	N.M.
Share-based payment expenses under ESOS scheme	(3,995)	(4,343)	(49.5)

Other operating income

Government grants	-	439	(100.0)
Interest income – banks	548	380	44.2
Exchange gain	20,055	7,865	155.0
Gain on restructuring of convertible bonds	-	-	-
Others	80	297	(72.7)
<b>Total</b>	<b>20,683</b>	<b>8,981</b>	<b>130.3</b>

N.M. – Not meaningful

Note :-

The net exchange gains/(losses) in 1Q2018 and 1Q2017 were mainly attributable to appreciation of net assets of the Group denominated in Singapore Dollar and exchange gains/(losses) from operation arising from exchange rate differences between United States Dollar and Renminbi.

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	Group		Company	
	31 Mar 18 RMB'000	31 Dec 17 RMB'000	31 Mar 18 RMB'000	31 Dec 17 RMB'000
<b>Non-current assets</b>				
Property, plant and equipment	1,324,989	1,350,757	13	14
Land use rights	108,345	108,797	-	-
Subsidiaries	-	-	100,032	100,032
Amount owing by subsidiaries	-	-	744,103	769,086
Deposit paid for non-current assets	511,040	510,935	-	-
<b>Total non-current assets</b>	<b>1,944,374</b>	<b>1,970,489</b>	<b>844,148</b>	<b>869,132</b>
<b>Current assets</b>				
Inventories	39,738	38,282	-	-
Trade receivables	1,125,588	1,345,669	-	-
Other receivables	473,480	399,389	120	172
Cash and cash equivalents	923,998	693,625	21,203	4,802
<b>Total current assets</b>	<b>2,562,804</b>	<b>2,476,965</b>	<b>21,323</b>	<b>4,974</b>
<b>Current liabilities</b>				
Trade payables	82,511	106,488	-	11,035
Other payables	137,443	94,116	37,477	26,385
Obligation under finance lease	5,026	5,026	-	-
Current tax payable	34,822	43,625	-	-
Bank borrowings	82,560	77,560	-	-
Convertible loan	137,369	141,867	137,369	141,867
Straight bonds	217,816	212,758	-	-
Amount owing to subsidiaries	-	-	68,031	50,501
Exchangeable bonds	521,449	521,449	-	-
<b>Total current liabilities</b>	<b>1,218,996</b>	<b>1,202,889</b>	<b>242,877</b>	<b>229,788</b>
<b>Net current assets/(liabilities)</b>	<b>1,343,808</b>	<b>1,274,076</b>	<b>(221,554)</b>	<b>(224,814)</b>
<b>Non-current liabilities</b>				
Obligation under finance lease	4,320	5,719	-	-
Bank borrowings	128,403	130,240	-	-
Deferred tax liabilities	20,241	20,241	20,241	20,241
<b>Total non-current liabilities</b>	<b>152,964</b>	<b>156,200</b>	<b>20,241</b>	<b>20,241</b>
<b>Net assets</b>	<b>3,135,218</b>	<b>3,088,365</b>	<b>602,353</b>	<b>624,077</b>
<b>Equity</b>				
Equity attributable to equity holders of the Parent				
Share capital	755,344	755,344	755,344	755,344
Retained profits/(Accumulated losses)	2,119,002	2,077,139	(223,073)	(197,354)
Other reserves	259,102	253,851	70,082	66,087
<b>Total shareholders' funds</b>	<b>3,133,448</b>	<b>3,086,334</b>	<b>602,353</b>	<b>624,077</b>
Non-controlling interests	1,770	2,031	-	-
<b>Total equity</b>	<b>3,135,218</b>	<b>3,088,365</b>	<b>602,353</b>	<b>624,077</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

	<u>31 Mar 2018</u>	<u>31 Dec 2017</u>
	<u>RMB'000</u>	<u>RMB'000</u>
Amount repayable in one year or less, or on demand		
Secured	224,955	224,453
Unsecured	739,265	734,207
	<u>964,220</u>	<u>958,660</u>
Amount repayable after one year		
Secured	132,723	135,959
Unsecured	-	-
	<u>132,723</u>	<u>135,959</u>
	<u>1,096,943</u>	<u>1,094,619</u>

Details of collaterals:-

The secured bank borrowings are secured by a mortgage over the Group's factory and warehouse premises and land use rights.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<u>1Q</u>	
	<u>Jan - Mar</u>	<u>Jan - Mar</u>
	<u>2018</u>	<u>2017</u>
	<u>RMB'000</u>	<u>RMB'000</u>
<b>Cash flows from operating activities:</b>		
Profit before income tax	75,674	82,706
Adjustments for:		
Depreciation of property, plant and equipment	26,874	18,076
Fair value of the option derivatives in relation to the convertible bonds	-	7,077
Amortisation of land use rights	453	599
Share-based payment expenses under ESOS scheme	3,995	4,343
Gain on restructuring of convertible bonds	-	-
Interest expense	19,809	12,512
Interest income	(548)	(380)
Operating cash flows before working capital changes	<u>126,257</u>	<u>124,933</u>
Decrease in deposits pledged with banks	-	111,843
(Increase)/decrease in inventories	(1,457)	(11,924)
Decrease in operating receivables	145,990	247,090
Increase/(decrease) in operating payables	18,073	(52,581)
Cash generated from operations	<u>288,863</u>	<u>419,361</u>
Income tax paid	(41,619)	(22,641)
Interest paid	(15,840)	(6,475)
Net cash generated from operating activities	<u>231,404</u>	<u>390,245</u>

	<u>1Q</u>	
	<b>Jan - Mar 2018 RMB'000</b>	<b>Jan - Mar 2017 RMB'000</b>
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(1,106)	(31)
Deposit paid for non-current assets	(105)	(7,295)
Interest received	548	380
Net cash used in investing activities	<u>(663)</u>	<u>(6,946)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from share issue	-	316,316
Share issue costs	-	(1,920)
Bank loans obtained	15,000	22,000
Repayment of finance lease liabilities	(1,399)	-
Bank loans repaid	(10,000)	(125,208)
Interest paid	(3,969)	-
Net cash generated from financing activities	<u>(368)</u>	<u>211,188</u>
Net increase in cash and cash equivalents	230,373	594,487
Cash and cash equivalents at beginning of period	<u>685,623</u>	<u>131,868</u>
Cash and cash equivalents at end of period	<u>915,996</u>	<u>726,355</u>
Cash and cash equivalents comprise:		
Cash and bank balances	915,996	726,355
Fixed deposits	8,002	54,038
	<u>923,998</u>	<u>780,393</u>
Less: Fixed deposits pledged	<u>(8,002)</u>	<u>(54,038)</u>
	<u>915,996</u>	<u>726,355</u>

**Reconciliation of liabilities arising from financing activities**

With effective from 1 January 2017, the Amendments to FRS 7 *Statements of Cash Flow* comes with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The following is the disclosures of the reconciliation of items for which cash flows have been, or would be, classified as financing activities, excluding equity items:

	Bank borrowings RMB'000	Finance leases RMB'000	Convertible loan RMB'000	Straight bonds RMB'000	Exchangeable bonds RMB'000
At 1 January 2018	207,800	10,745	141,867	212,757	521,449
<b><u>Cash flow</u></b>					
Additions	15,000	-	-	-	-
Repayments of principal/interests	(10,000)	(1,399)	(3,969)	-	-
<b><u>Non-cash changes</u></b>					
Fair value loss on derivative on convertible loan	-	-	-	-	-
Changes in fair value of exchangeable bonds	-	-	-	-	-
Accrued interest	4,316	-	4,746	5,059	-
Exchange translation	(6,153)	-	(5,275)	-	-
At 31 March 2018	<u>210,963</u>	<u>9,346</u>	<u>137,369</u>	<u>217,816</u>	<u>521,449</u>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

Group	Share capital	Retained profits	Share Option Reserve	Merger reserve	Statutory common reserve	Attributable to equity holders of the Company	Non-controlling interests	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2017	440,948	1,728,917	49,847	(31,413)	211,436	2,399,735	2,168	2,401,903
Issue of shares	204,982	-	-	-	-	204,982	-	204,982
Share issuance expenses	(1,920)	-	-	-	-	(1,920)	-	(1,920)
Profit for the year and representing total comprehensive income for the year	-	355,963	-	-	-	355,963	(137)	355,826
Share-based payment expenses under ESOS scheme	-	-	16,240	-	-	16,240	-	16,240
Reclassification of an amount previously classified as other payables to "Director of the Company" used to subscribe in the rights issue of the Company	-	-	-	-	-	-	111,334	111,334
Completion of rights issue on 13 March 2017	-	-	-	-	-	-	(111,334)	(111,334)
Transfer of non-controlling interest into share capital on completion of rights issue	111,334	-	-	-	-	111,334	-	111,334
Transfer to statutory reserve	-	(7,741)	-	-	7,741	-	-	-
Balance at 31 December 2017	755,344	2,077,139	66,087	(31,413)	219,177	3,086,334	2,031	3,088,365
Profit for the period and representing total comprehensive income for the period	-	43,119	-	-	-	43,119	(261)	42,858
Share-based payment expenses under ESOS scheme	-	-	3,995	-	-	3,995	-	3,995
Transfer to statutory reserve	-	(1,256)	-	-	1,256	-	-	-
<b>Balance at 31 March 2018</b>	<b>755,344</b>	<b>2,119,002</b>	<b>70,082</b>	<b>(31,413)</b>	<b>220,433</b>	<b>3,133,448</b>	<b>1,770</b>	<b>3,135,218</b>

<u>Company</u>	Share capital RMB'000	Accumulated losses RMB'000	Share option reserves RMB'000	Total equity RMB'000
Balance at 1 January 2017	440,948	(121,142)	49,847	369,653
Share-based payment expenses under ESOS scheme	-	-	16,240	16,240
Issue of shares	314,396	-	-	314,396
Loss for the year representing total comprehensive income for the year	-	(76,212)	-	(76,212)
Balance at 31 December 2017	755,344	(197,354)	66,087	624,077
Share-based payment expenses under ESOS scheme	-	-	3,995	3,995
Profit for the period representing total comprehensive income for the period	-	(25,719)	-	(25,719)
<b>Balance at 31 March 2018</b>	<b>755,344</b>	<b>(223,073)</b>	<b>70,082</b>	<b>602,353</b>

**1(d) (ii) Details of any changes in the company's share capital arising from right issues, bonus issue, share buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holding of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediate preceding financial year.**

During the current financial period, there is no changes in the share capital of the Company

The Company granted four tranches of option under ESOS Scheme on 9 April 2015, 20 May 2016 and 24 May 2017 that give holders the right to subscribe for ordinary shares as detailed below:-

Date of grant	Exercise price of option granted (SGD per share)	Expiry date
9 April 2015	0.33*	8 April 2025
9 April 2015	0.26*	8 April 2025
20 May 2016	0.49*	19 May 2026
24 May 2017	0.18	23 May 2027

\*The exercise price of these options granted will be adjusted due to issuance of right issue in March 2017.

Number of options outstanding under ESOS Scheme as at 31 March 2018 was 43,303,750.

Save for the above, there were no outstanding convertible securities and treasury shares as at 31 March 2018 and 31 December 2017.

**1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 31 Mar 2018	As at 31 Dec 2017
Total number of ordinary shares issued and fully paid	979,410,658	979,410,658

The Company does not have treasury shares as at 31 March 2018 and 31 December 2017.

**1(d) (iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable

**1(d)(v) A statement showing all sales, transfer, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have neither been audited nor reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Note 5 of this announcement, the accounting policies and methods of computation have been consistently applied by the Group and the Company and are consistent with the audited financial statements for the financial year ended 31 December 2017.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.**

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"). The new framework is referred to as "Singapore Financial Reporting Standards (International)" ("SFRS(I)") hereinafter.

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 which did not result in substantial changes to the Group's accounting policies nor had any significant impact on the amount reported for the current or prior financial period.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends (a) based on the weighted average number of ordinary shares on issue; and (b) on a fully diluted basis (detailing any adjustments made to the earnings).**

**Earnings per share (EPS)**

	<b>Group</b>	
	<b>Jan – Mar 2018</b>	<b>Jan – Mar 2017</b>
EPS based on average number of ordinary shares (RMB cents)	4.4	7.6
EPS on a fully diluted basis (RMB cents)	4.4	7.6
Weighted average number of ordinary shares ('000)	979,410	691,801
Weighted average number of ordinary shares – diluted ('000)	980,644	697,338



Basic earnings per share for 1Q2018 are calculated based on the Group's profit after taxation of RMB43,119,000 on actual number of ordinary shares issued of 979,410,658.

For comparative purpose, the basic earnings per share for 1Q2017 are calculated based on the Group's profit after taxation of RMB52,786,000 on weighted average number of ordinary shares of 691,801,000 which is computed based on 22 days of new shares issued of 306,065,830.

The fully diluted earnings per share for 1Q2018 are calculated based on the Group's profit after taxation of RMB43,119,000 on weighted average number of ordinary shares of 980,644,000 after adjusting for the outstanding option under ESOS scheme.

For comparative purpose, the fully diluted earnings per share for 1Q2017 are calculated based on the Group profit after taxation of RMB52,786,000 on actual number of ordinary shares issued of 697,338,000 after adjusting for the outstanding options under ESOS scheme.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

Net asset value (NAV)	Group		Company	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
Number of ordinary shares	979,410,658	979,410,658	979,410,658	979,410,658
NAV per ordinary share in the Company (RMB cents)	320.1	315.3	61.5	63.7

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must include a discussion of the following: (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonable or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Review of performance**

**Revenue**

The Group's revenue increased by approximately RMB93.0 million or 14.6% from RMB635.1 million in 1Q2017 to RMB728.1 million in 1Q2018. This increase was attributable to the increase of RMB94.3 million and RMB1.7 million from sales of beverage and canned products in domestic market respectively, partially offset by a decrease of RMB3.1 million from sales of canned products in overseas markets. The increase in sales revenue of beverage and canned products in domestic market from 1Q2017 to 1Q2018 was mainly due to steady expansion of distribution network in People's Republic of China ("PRC").

Breakdown of revenue by segments:

	1Q		Change
	Jan - Mar 2018	Jan - Mar 2017	
Product segment	RMB'000	RMB'000	%
Canned products			
- overseas	96,622	99,688	(3.1)
- domestic	73,979	72,234	2.4
Beverage	557,486	463,165	20.4
Total	728,087	635,087	14.6

### **Gross profit**

Largely in line with the increase in Group's sales, Group's gross profit increased by approximately RMB16.5 million or 6.6%, from RMB248.5 million in 1Q2017 to RMB265.0 million in 1Q2018. Our overall gross profit margin (GPM) decreased by 2.7 percentage points, from 39.1% in 1Q2017 to 36.4% in 1Q2018. The decrease of Group's overall GPM was a result of a decrease in GPM of beverage and canned product in overseas market segments, partially offset by an increase in GPM of canned product in domestic market segment. The decrease in GPM of beverage products segments was mainly attributable to change in product mix and lower average selling price for a limited range of products compared to 1Q2017 as a result of our price adjustment exercise to maintain market competitiveness. However, increase in GPM of canned product in domestic market segment was mainly attributable to lower cost of raw materials in 1Q2018 compared to 1Q2017.

### **Operating expenses**

**Distribution and selling expenses** increased by approximately RMB37.1 million or 32.7%, from RMB113.6 million in 1Q2017 to RMB150.7 million in 1Q2018. This was due mainly to an increase of RMB38.0 million in advertising and promotion expenses. Increase in advertising and promotion expenses was mainly attributable to our increased promotional activities to promote our domestic sales of canned products in PRC.

**Administrative expenses** increased by approximately RMB1.9 million or 4.5%, from RMB41.6 million in 1Q2017 to RMB43.5 million in 1Q2018. This was mainly due to increase in exchange loss of RMB5.0 million and depreciation of RMB5.4 million, partially offset by a decrease in legal and professional fees of RMB8.0 million.

### **Finance costs**

Finance costs increased by approximately RMB3.3 million or 26.6%, from RMB12.5 million in 1Q2017 to RMB15.8 million in 1Q2018. The increase in finance cost was mainly due to higher bank borrowings in 1Q2018 compared to 1Q2017.

### **Profit before taxation**

Profit before income tax decreased by approximately RMB7.0 million or 8.5%, from RMB82.7 million in 1Q2017 to RMB75.7 million in 1Q2018. Decrease in profit before taxation was due to an increase in revenue and other operating income, partially offset by an increase in distribution and selling expenses, administrative expenses and finance cost.

### **Review of statement of financial position**

Property, plant and equipment decreased by approximately RMB25.8 million from RMB1,350.8 million in FY2017 to RMB1,325.0 million in 1Q2018 as a result of depreciation charged during the period under review.

Deposit paid for non-current assets increased by approximately RMB0.1 million from RMB510.9 million in FY2017 to RMB511.0 million in 1Q2018 which was mainly attributable to acquisition of property, plant and equipment in Group's Hubei plant.

Our inventories increased by approximately RMB1.4 million from RMB38.3 million in FY2017 to RMB39.7 million in 1Q2018. The increase in inventories during the period under review was in line with our increased business activities.

Trade receivables decreased by approximately RMB220.1 million from RMB1,345.7 million in FY2017 to RMB1,125.6 million in 1Q2018. As at 30 April 2018, approximately RMB192.9 million of trade receivables as at 31 March 2018 had been collected.

Other receivables increased by approximately RMB74.1 million from RMB399.4 million in FY2017 to RMB473.5 million in 1Q2018. Other receivables comprised VAT receivables, export tax refund and prepayment for advertisement expenses.

Cash and cash equivalents stood at RMB924.0 million as at 31 March 2018. The increase in cash and cash equivalents from FY2017 was mainly due to net cash generated in operating activities and bank loan obtained partially offset by acquisition of property, plant and equipment and bank loan repayment.

Current liabilities increased by RMB16.1 million from RMB1,202.9 million in FY2017 to RMB1,219.0 million in 1Q2018. The increase was mainly attributable to an increase in other payable of RMB43.3 million, bank borrowings of RMB5.0 million and straight bonds of RMB5.1 million, partially offset by a decrease in trade payables of RMB24.0 million, current tax payable of RMB8.8 million and convertible loan of RMB4.5 million.

Equity holders' interest increased by RMB46.8 million from RMB3,088.4 million as at 31 December 2017 to RMB3,135.2 million as at 31 March 2018. The increase was mainly attributable to increase in net profit in 1Q2018.

#### **Review of cash flow statement**

In 1Q2018, operating cash flows before working capital changes amounted to RMB122.3 million. The Group generated net cash of RMB162.6 million in its operating activities. Working capital changes comprised a increase in inventory of RMB1.5 million, a decrease in operating receivables of RMB146.0 million and an increase in operating payables of RMB18.1 million. Net cash used in investing activities amounted to RMB0.7 million in 1Q2018, which was due mainly to construction-in-progress at Anhui plant. In addition, net cash generated from financing activities amounted to RMB3.6 million in 1Q2018, which was mainly due to bank loan obtained partially offset by repayment of bank loans.

#### **Convertible bonds**

Group	31 March 2018 RMB'000	31 December 2017 RMB'000	Variance RMB'000
2012 Convertible Bond	365,442	365,442	-
2011 Convertible Bond	156,007	156,007	-
	521,449	521,449	-

The valuation of the exchangeable bonds was computed by an independent valuer based on the discounted cash flow method in deriving the fair value of the exchangeable bonds.

On 28 June 2017, the Company released announcement that it has entered into a restructuring agreement (“2017 Restructured Agreement”) with Bond holders for a further restructuring of the 2011 Bonds, the 2012 Bonds, the 2011 SB2 Bonds and the 2012 SB2 Bonds. Pending the approval from State Administration of Foreign Exchange of the People’s Republic of China (“SAFE”) for the offshore fund transfer, the company is still in the process of negotiating the repayment of SB2 to a further date. The Company will keep shareholders updated on any developments as and when appropriate.

#### **Convertible loan**

In respect of convertible loan which is due on 16 May 2018, parties are in discussion to restructure the convertible loan. The Company will keep shareholders updated on any developments as and when appropriate.

#### **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Our current result is in line with our statement made under paragraph 10 in our full year results announcement released on 27 February 2018.

#### **10. A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The National Bureau of Statistic of China (“NBS”) reported that China’s gross domestic product (“GDP”) increased by 6.8% year-on-year during first quarter of 2018 (“1Q18”) to RMB 19,878.3 billion as the economy maintained steady growth momentum. Total retail sales of consumer goods in 1Q18 rose 9.8% to RMB 9,027.5 billion with retail sales of consumer goods in urban areas rising 9.7% to RMB 7,709.6 billion while retail sales in rural areas rose 10.7% to RMB 1,317.9 billion. In 1Q18, the national online retail sales increased by 35.4% to RMB 1,931.8 billion, accounting for 21.4% of total retail sales of consumer goods\*. Online retail sales in China has continued growing due to the expanded variety of products available online as well as the vastly improved

infrastructure which offers convenience to consumers in the form of next day delivery service being available in most major cities.

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 March 2018, the Company entered into a strategic agreement with Baixianwang Intelligent Technology (“深圳市百鲜网智能科技有限公司”) and Tomcat Culture (“深圳市童猫文化产业有限公司”) to distribute the Company’s full range of own-branded products, including 鲜绿园 (“Garden Fresh”) beverage product, 振鹏达 (“Grandness”) canned food and 福食特 (“First”) snack food through a distribution network using intelligent technology. This include unmanned convenience stores which offers convenience and are highly visible and accessible to consumers.

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

**Update on proposed listing of Garden Fresh**

The Company continues in its efforts to obtain the approval of the HKSE for the proposed listing of its beverage business (“Proposed Listing”). The Company will keep shareholders updated on any material developments relating to the Proposed Listing as and when appropriate.

Source :

[\\*http://www.stats.gov.cn/english/PressRelease/201804/t20180417\\_1594338.html](http://www.stats.gov.cn/english/PressRelease/201804/t20180417_1594338.html)

**11. Dividends**

**(a) Current financial period reported on**

Any dividend declared for the current financial period reported on?

None

**(b) Corresponding period of the immediately preceding financial year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

**12. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been declared/recommendeded.

**13. Interested Person Transactions (“IPT”)**

The Company has not obtained a general mandate from shareholders for interested person transactions.

**14. Statement pursuant to SGX Listing Rule 705(5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited first quarter financial results for the period ended 31 March 2018 to be false or misleading in any material aspect.

**15. Use of net proceeds**

The Board refers to the issuance of 306,065,830 shares by the Company in March 2017 (“Right Issue 2017”). As at 31 March 2017, the Group had utilised the net proceeds from the Rights Issue 2017 as follows:-

<b>Use of net proceeds</b>	<b>Allocation (%)</b>	<b>Amount allocated (RMB'000)</b>	<b>Accumulated amount utilized (RMB'000)</b>	<b>Balance (RMB'000)</b>
(a) Capital expenditure for Group's non-beverage business	60	191,700	186,750	4,950
(b) Distribution network expansion and general working capital	40	127,800	127,800	-
- Distribution network expansion		100,000	100,000	-
- Bank loan repayment		24,800	24,800	-
- Operating expenses		3,000	3,000	-
<b>Total</b>	<b>100</b>	<b>319,500</b>	<b>314,550</b>	<b>4,950</b>

The Company will make further announcements on the use of net proceeds from the Right Issue 2017 as and when the funds are materially disbursed.

**16. Statement pursuant to SGX Listing Rule 720(1) of the Listing Manual**

The Company confirms that it has already procured undertakings from all of its Directors and executive officers in the format as set out in Appendix 7.7 of the SGX-ST Listing Manual in accordance to Rule 720 (1) of the SGX-ST Listing Manual.

BY ORDER OF THE BOARD  
HUANG YUPENG  
CHAIRMAN AND CEO  
15 May 2018