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

### **SINO GRANDNESS 1Q18 REVENUE RISES 14.6% TO RMB 728.1 MILLION ON HIGHER ORDERS FROM BEVERAGE AND DOMESTIC CANNED PRODUCT SEGMENTS**

- 1Q18 gross profit rose 6.6% to RMB 265.0 million from RMB 248.5 million
- 1Q18 net profit decreased 18.3% to RMB 43.1 million from RMB 52.8 million
- Cash and cash equivalents increased to RMB 924.0 million as at 31 March 2018 compared with RMB 693.6 million as at 31 December 2017

<b>Financial Highlights RMB (million)</b>	<b>1Q18</b>	<b>1Q17</b>	<b>1Q18 VS 1Q17</b>
Revenue	728.1	635.1	14.6%
Gross profit	265.0	248.5	6.6%
Gross profit margin	36.4%	39.1%	(2.7)ppt <sup>^</sup>
Distribution & selling expenses	(150.7)	(113.6)	32.7%
Administrative expenses	(43.5)	(41.6)	4.5%
Finance costs	(15.8)	(12.5)	26.6%
Net profit attributable to shareholders	43.1	52.8	(18.3)%

<sup>^</sup>ppt refers to percentage point

**SINGAPORE – 15<sup>th</sup> May 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 first three months ended 31 March 2018 (“1Q18”)

In 1Q18, net profit attributable to shareholders for the Group decreased 18.3% to RMB 43.1 million compared with RMB 52.8 million in the same period last year (“1Q17”). The decrease in net profit was mainly due to higher distribution and selling expenses and lower gross profit margin in 1Q18 when compared to 1Q17.

Earnings per share (“EPS”) in 1Q18 decreased to SGD 0.9 cents from SGD 1.6 cents in 1Q17 while net asset value (“NAV”) per share increased to SGD 67.5 cents as at 31 March 2018 from SGD 66.5 cents as at 31 December 2017. (EPS calculations in 1Q18 and 1Q17 based on weighted average number of ordinary shares of 979,410,000 and 691,801,000 respectively. NAV calculations based on 979,410,658 shares. Exchange rate used SGD1=RMB4.74)

Mr Huang Yupeng 黄育鹏, Chairman and CEO of Sino Grandness said, “I am pleased to see that demand for our own-branded products have remained strong in 1Q18, especially our beverage segment which reported double-digit growth in sales. In order to extend and diversify our product range, we have continued to invest resources to develop and launch new beverage products such as mango juice, coconut milk, apple vinegar and lactobacillus drinks. These efforts have yielded positive results as we now derive sales from a wider range of beverage products in addition to loquat juices.”

Mr Huang added, “Our net profit in 1Q18 was impacted by lower gross profit margin and higher advertising and promotion expenses as we need to continuously invest in growing our distribution channels, brand value and brand visibility. However, we exited the quarter with a stronger balance sheet with cash and cash equivalents rising to RMB 924.0 million as at 31 March 2018 from RMB 693.6 million as at 31 December 2017 due to positive net cash generated from operating activities in 1Q18.”

#### Revenue analysis 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

The Group’s revenue increased by 14.6% in 1Q18 to RMB 728.1 million from RMB 635.1 million in 1Q17 due to higher orders from beverage and domestic canned products segment. Sales of overseas canned products decreased by 3.1% to RMB 96.6 million in 1Q18 from RMB 99.7 million in 1Q17. Beverage segment sales which comprised Garden Fresh juices increased by 20.4% to RMB 557.5 million in 1Q18 from RMB 463.2 million in 1Q17. Domestic canned products sales increased by 2.4% to RMB 74.0 million in 1Q18 from RMB 72.2 million in 1Q17. The increase in sales of beverage segment and domestic canned product segment was mainly due to steady expansion of distribution network in China.

In 1Q18, distribution and selling expenses increased by 32.7% to RMB 150.7 million from RMB 113.6 million in 1Q17 primarily due to the increase in advertising and promotional expenses. Administrative expenses increased by 4.5% to RMB 43.5 million in 1Q18 from RMB 41.6 million in 1Q17 partly due to higher depreciation charges and an increase in foreign exchange loss.

The Group's gross profit in 1Q18 increased by 6.6% to RMB 265.0 million from RMB 248.5 million in 1Q17 as a result of higher sales in 1Q18. Gross profit margin ("GPM") for the Group in 1Q18 decreased by 2.7 percentage points to 36.4% from 39.1% in 1Q17 due to a decrease in GPM of beverage and overseas canned products segments, partially offset by an increase in GPM of domestic canned products segment. The decrease in GPM of beverage segment in 1Q18 was mainly attributable to the change in product mix and lower average selling prices for a limited range of products as a result of our price adjustment exercise to maintain market competitiveness. The increase in GPM of domestic canned products segment was mainly due to lower cost of raw materials in 1Q18 when compared to 1Q17.

## **Outlook**

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.

Source :

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

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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.

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.*

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