



Sino Grandness Food Industry Group Limited
(Incorporated in the Republic of Singapore on 20 April 2007)

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NEWS RELEASE

SINO GRANDNESS FY15 REVENUE UP 17.5% TO RMB 3.31B FROM RMB2.82B IN FY14

- FY15 Gross profit up 21.8% to RMB1.37b from RMB1.13b
- FY15 gross profit margin (“GPM”) improved 1.4ppt to 41.4%
- FY15 beverage segment revenue up by 23.6% to RMB2.32b due to strong orders for Garden Fresh juices
- FY15 domestic canned products revenue surged 36.1% to RMB418.6m due to strong orders for Grandness canned fruits
- *Garden Fresh* brand accorded the title “**Top 10 Leading New Brands In China For 2015**” (“2015中国十大新领军品牌”) by Asia Brand Network
- Propose final dividend of RMB0.018 per ordinary share

Financial Highlights	FY15	FY14	FY15 VS FY14
RMB (million)			
Revenue	3,313.9	2,819.4	17.5%
Gross profit	1,373.6	1,127.9	21.8%
Gross profit margin	41.4%	40.0%	1.4ppt
Distribution & selling expenses	(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 the option	(91.9)	(155.8)	(41.0)%

*According to market research report by Euromonitor International Limited

derivatives in relation to convertible bonds (B)			
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

SINGAPORE – 26 February 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 full year ended 31 December 2015 (“FY15”).

In FY15, net profit attributable to shareholders for the Group declined 17.2% to RMB206.7 million compared to RMB249.5 million from the same period last year (“FY14”). The decrease in profit was mainly due to higher distribution and selling expenses as well as non-cash charges in relation to convertible bonds such as non-cash interest expenses and changes in fair value of the option derivatives. Excluding the impact of non-cash charges in relation to convertible bonds, adjusted earnings would have risen by 6.5% in FY15 to RMB517.6 million compared with RMB486.2 million in FY14.

Mr Huang Yupeng 黄育鹏, Chairman and CEO of Sino Grandness said, “I am pleased to see that our in-house branded products such as *Garden Fresh* juices and *Grandness* canned products have contributed positively to the Group’s revenue and gross profit performance in FY15. While our net profit was partially affected by higher distribution and selling expenses, this is a reflection of our long term commitment to continue with sustained investments in building brand value and expansion of distribution network across the PRC market. The Group has invested more than RMB1.43 billion over the past 5 years in distribution and selling expenses and will continue to invest in future to build our brand value in Asia. As a result of our expanded distribution network and growing brand awareness in China for *Garden Fresh* brand, we are now the No: 1 loquat juice player in China with over 86% market share.*”

In October 2015, *Garden Fresh* brand became the sponsor of a talk show produced by Shenzhen TV station City Channel (“City Channel”) called <鞠说好看> (“Ju’s Show”) which investigates and analyzes real life events occurring primarily in Guangdong Province PRC. Apart from the broadcast on the City Channel, Ju’s Show may also be viewed online at <http://sztv.cutv.com/dianshi/ju/>.

*According to market research report by Euromonitor International Limited

In November 2015, the Company also announced the sponsorship of a new TV series called <饮食男女> (“Romance in the City”). Romance in the City is based on the daily lives of urban youths, exploring their love life, family and career. The drama series are jointly invested by major media companies such as Alibaba Pictures Group, Shenzhen Media Group, Media Asia Entertainment Group, Shanghai Media Group and other regional broadcast stations within China. The show will be broadcast across more than 20 TV stations in China from February 2016. It is expected that 200 episodes will be aired during the first 12 months.

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>.

Through executing various brand sponsorship programs with major TV stations and satellite channels which enjoy strong viewerships and followers across China and globally, *Garden Fresh* brand is expected to experience maximum exposure across multiple platforms including televisions, internet and print media. In recognition of the Group’s brand building initiatives and the rising brand awareness, *Garden Fresh* brand was accorded the title “**Top 10 Leading New Brands In China For 2015**” (“2015中国十大新领军品牌”) by Asia Brand Network.

Revenue analysis by segments:

	<u>Jan –Dec 2015</u> <u>(FY15)</u>	<u>Jan – Dec 2014</u> <u>(FY14)</u>	<u>Change</u>
<u>Product segment</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>%</u>
<u>Canned products</u>			
- <u>overseas</u>	576,224	635,164	(9.3)
- <u>domestic</u>	418,628	307,547	36.1
<u>Beverage</u>	2,319,050	1,876,738	23.6
<u>Total</u>	3,313,902	2,819,449	17.5

In FY15, the Group’s revenue rose by 17.5% to RMB3.31 billion from RMB2.82 billion in FY14. The growth in revenue was mainly attributed to strong orders for own-branded beverage products and domestic canned products.

*According to market research report by Euromonitor International Limited

Beverage segment sales which comprised *Garden Fresh* juices rose 23.6% RMB2.32 billion in FY15 from RMB1.88 billion in FY14 while domestic canned products sales surged 36.1% to RMB418.6 million in FY15 from RMB307.5 million in FY14. 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.

Distribution and selling expenses in FY15 increased by 50.1% to RMB570.2 million from RMB379.8 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 PRC market via outdoor advertising, outdoor 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 FY15 the Group’s gross profit increased by 21.8% to RMB1.37 billion from RMB1.13 billion in FY14. The Group’s GPM in FY15 increased to 41.4% from 40.0% in FY14. The increase in GPM of the Group was mainly due to higher GPM for beverage segment which benefitted from lower cost of raw materials.

Cash and cash equivalents for the Group decreased to RMB143.0 million as at 31 December 2015 from RMB223.6 million as at 31 December 2014. The decrease in cash and cash equivalents was mainly due to acquisition of property, plant and equipment Hubei, Anhui, Shanxian and Shanxi plants.

Proposed Dividend

To reward the Company’s shareholders for their support, the Board of Directors proposes a final dividend of RMB0.018 per ordinary share, subject to approval by shareholders at the forthcoming Annual General Meeting.

Outlook

In 2015, the National Bureau of Statistic of China reported that China’s gross domestic product (“GDP”) increased by 6.9% year-on-year to RMB 67,670.8 billion as the People’s Republic of China (“PRC”) economy achieved moderate and stable growth during the year. Specifically, the year-on-year growth during the first quarter was 7.0%, the second quarter 7.0%, the third quarter 6.9% and the fourth quarter 6.8%. In 2015, China’s national per capita disposable income was RMB21,966, an increase of 8.9% while the median of national disposable income rose 9.7% to RMB19,281 indicated a steady increase for the middle class disposable income which would provide sustained growth in consumer spending for basic household items including food and beverage products. In 2015, the total retail sales of consumer goods increased by 10.7% to RMB 30,093.1 billion, cementing China’s position as one of the world’s largest consumption countries.

*According to market research report by Euromonitor International Limited

To take advantage of the growth opportunities ahead for 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 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.

Barring unforeseen circumstances, the Group remains optimistic about its operating performance in FY2016.

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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 one of the leading brands for loquat fruit juice in China as well as 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, Huelpeden, Coles, Jusco 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.

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

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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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