



**Sino Grandness Food Industry Group Limited**

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

(Company Registration No. 200706801H)

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**NEWS RELEASE**

**SINO GRANDNESS REVENUE UP 27.5% TO RMB477.6 MILLION IN 1Q14 ON HIGHERS ORDERS FOR OWN-BRANDED PRODUCTS**

- 1Q14 beverage segment sales surged 41.3% to RMB334.6m from RMB236.9m
- 1Q14 Group gross profit increased 24.4% to RMB187.4m from RMB150.6m due to strong order momentum for beverage and domestic canned products segments
- 1Q14 distribution and selling expenses jumped 122.0% to RMB70.7m due to intensified advertising and promotional activities ahead of Chengdu Trade Exhibition
- Indicative orders received for “Garden Fresh” juices after conclusion of Chengdu Trade Exhibition in late March 2014 surged 34.5% to approximately RMB390m
- Successfully secured new distributors and introduced various new products during Chengdu Trade Exhibition
- Planning to commence export business for beverage segment

Financial Highlights RMB (million)	1Q14	1Q13	1Q14 VS 1Q13
Revenue	477.6	374.5	+27.5%
Gross profit	187.4	150.6	+24.4%
Distribution & Selling (“D&S”) expenses	70.7	31.8	+122.0%
Administrative expenses	22.1	20.9	+5.9%
Net profit attributable to shareholders	68.6	70.5	-2.8%
Distribution & selling expenses as a percentage to Revenue	14.8%	8.5%	+6.3ppt

**SINGAPORE – 8 May 2014** – 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 2014 (“1Q14”).

As a result of higher orders for own-branded products such as 鲜绿园® (“Garden Fresh”) juices from beverage segment and 振鹏达® (“Grandness”) canned fruits from domestic canned products segment, Group revenue increased by 27.5% to RMB477.6 million in 1Q14 compared to RMB374.5 million in the same period last year (“1Q13”). In line with the higher sales achieved, the Group’s gross profit also increased by 24.4% to RMB187.4 million in 1Q14 from RMB150.6 million in 1Q13.

Net profit attributable to equity holders decreased by 2.8% to RMB68.6 million in 1Q14 from RMB70.5 million in 1Q13 largely due to a significant increase in distribution and selling expenses which surged 122.0% to RMB70.7 million in 1Q14 from RMB31.8 million in 1Q13.

Mr Huang Yupeng 黄育鹏, Chairman and CEO of Sino Grandness said, “During the first quarter of 2014, we continued to see healthy sales momentum for our own-branded product segments especially beverage segment as we continued to expand our distributor base in China steadily. To-date, we have more than 200 distributors across more than 20 provinces in China. As our customer base and distribution points expand, there is a need to increase our advertising and promotional (“A&P”) activities in order to further strengthen brand awareness and build brand loyalty for Garden Fresh in China.”

### **Indicative orders secured during Chengdu Trade Exhibition up 34.5% to RMB390m**

“In preparation for the largest food and beverage exhibition held during the last week of March 2014 in Chengdu, Sichuan Province PRC (Chengdu Trade Exhibition), we decided to intensify our A&P activities in 1Q14 which included TV commercials on CCTV as well as various indoor and outdoor advertisements. I am pleased to report that we have successfully secured new distributors and introduced various new products such as Garden Fresh aloe-vera beverage product and the Group also developed and introduced Grandness brand new ready to consume products such as canned strawberry and grape fruits during the Chengdu Trade Exhibition. In addition, indicative orders received for “Garden Fresh” juices after the conclusion of Chengdu Trade Exhibition in late March 2014 surged 34.5% to approximately RMB390 million compared with approximately RMB290 million of indicative orders secured during the same event last year.,” Mr Huang added.

As the Group’s own-branded product range continues to expand, the Group continues to intensify its efforts to market its own-branded products overseas. We have initiated discussions with potential customers and also made preparations to export our beverage products.

### **Products introduced during Chengdu Trade Exhibition**



“Garden Fresh” aloe-vera beverage and “Grandness” bottled strawberry

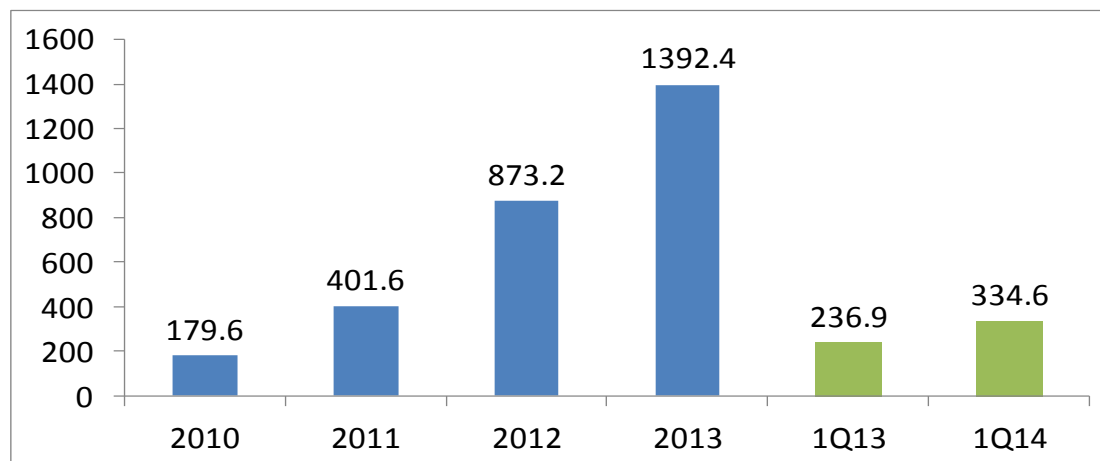
## Revenue analysis by segments:

	1Q		Change
	Jan - Mar 2014	Jan - Mar 2013	
Product segment	RMB'000	RMB'000	%
Beverage	334,629	236,861	41.3
Canned products			
- overseas	102,469	107,878	(5.0)
- domestic	40,457	29,785	35.8
Total	477,555	374,524	27.5

In 1Q14, Group revenue increased by 27.5% to RMB477.6 million as the marginal decline in export sales of overseas canned products to RMB102.5 million was offset by the strong order momentum of the Group's own-branded products from Chinese consumers due to growing demand and steady expansion of its distribution network within China. Sales of beverage segment which comprised Garden Fresh juices jumped 41.3% to RMB334.6 million in 1Q14 from RMB236.9 million in 1Q13 while sales of domestic canned products segment which comprised Grandness canned fruits also rose 35.8% to RMB40.5 million in 1Q14 from RMB29.8 million in 1Q13.

### Strong growth momentum of beverage segment

Beverage sales in RMB million



### Outlook

China's economy continued to grow steadily during the first three months of 2014 ("1Q14") as the National Bureau of Statistics ("NBS") reported that China's gross domestic product ("GDP") rose 7.4% compared to the same period last year.

NBS also reported that in 1Q14 per capita disposable income for urban and rural households in China increased by 11.1% to RMB5,562 while total retail sales of consumer goods rose 12.0% year-on-year to approximately RMB6,208.1 billion,

underscoring the government's efforts to boost economic growth by stimulating domestic consumption.

The rising disposal income per capita and increasing demand for health promoting products as a result of heightened health awareness in China are positive factors which may offer sustainable growth opportunities for the food and beverage ("F&B") industries in China. As such, the Group remains optimistic about the growth prospects of its own-branded products including Garden Fresh juices and Grandness canned fruits in China.

To capitalize on the potential growth opportunities ahead, the Group will continue to focus on four key areas to drive growth, namely:-

1. Advertising and promotional activities to further increase awareness and brand value of our in-house brands in particular Garden Fresh and Grandness;
2. Sales and marketing efforts to expand our distribution network for domestic and export markets;
3. Expansion of production capacity at strategic locations and
4. Research and development efforts to expand its range of products in order to appeal to a broader group of consumers.

Barring unforeseen circumstances, the Group remains optimistic about its operating performance in FY2014.

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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 various canned fruits and vegetables under in-house brand as well as on OEM basis. Since its establishment in 1997, the Group has rapidly grown to become one of the leading brands for loquat fruit juice in China and 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, Huedepden, 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 three provinces, namely Shandong, Shanxi and Sichuan – 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's newest plant in Hubei Province is expected to commence mass production of juices in 2014.

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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