



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

BUSINESS UPDATE

SINGAPORE – 23 October 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 food and beverage company principally involved in the production and distribution of fruit juices under in-house brand “Garden Fresh” as well as canned food products would like to provide the following updates pertaining to the Group’s business developments and operations.

Hubei new plant officially commenced production in October 2014

The Group updated in August 2014 that installation and trial run at the new juice production facilities in Hubei Province, PRC (“Hubei Plant”) has been completed in 2Q2014 and expected to commence mass production at the Hubei Plant during the second half of 2014. The Group is pleased to announce that in September 2014, all the relevant permits and approvals have been secured and the Hubei Plant has officially commenced production in October 2014. The Hubei Plant is strategically located in the centre region of the PRC and is expected to have a maximum production capacity of approximately 240,000 tons of juice per annum.

In addition to expanding its internal production capacity, the Group will continue to maintain its business relationships with its external suppliers. As a result of the growth in sales volume and expansion in product range with new packaging such as tin cans and soft-packs, the Group has gradually expanded its numbers of external suppliers and presently has business relationships with 6 external suppliers with combined maximum production capacity of more than 600,000 tons per annum. The Group will continue to actively manage its relationships with external suppliers in consideration to the ramp up of internal production capacity at the Hubei Plant. The Hubei Plant is expected to benefit the Group through the gradual reduction in outsourcing costs and also enable the Group to better manage its production volume.

Chongqing Trade Exhibition successfully concluded in October 2014

The Group is pleased to announce that it has successfully secured encouraging indicative orders and engaged new distributors after participation at the trade exhibition and trade fair held in Chongqing, PRC between 7th and 15th October 2014 (“Chongqing Trade Exhibition”).

Mr Huang Yupeng, Chairman and CEO of Sino Grandness commented, “Although the Chongqing Trade Exhibition is not as big as the annual trade exhibition held in Chengdu, Sichuan Province PRC, we are still pleased with the outcome of the Chongqing Trade

Exhibition with a high turnout by existing and new distributors as well as approximately RMB300 million of indicative orders being secured compared to approximately RMB390 million of indicative orders being secured in March 2014 in Chengdu as announced previously.”

Ms Guo Jin Hua, General Manager of one of top 10 distributors for the Group was present during the Chongqing Trade Exhibition. Ms Guo shared, “I have been in business relationship with Sino Grandness and dealing in Garden Fresh products since 2010. Over the past few years, I am very satisfied with the positive market responses from retailers and consumers to their products as well as the quality standard of the products.”

(For pictures related to the Chongqing Trade Exhibition, kindly refer to attachment 1)

Steady expansion of distributor base in China and overseas market

Mr Huang added, “Since 2010, each time we attend any trade exhibitions in China, we have consistently enjoyed a strong turnout and responses from existing and new distributors. This is evidenced by the satisfactory indicative orders secured each time and growing distributor base which we have enjoyed over the past few years. Our distributor base for Garden Fresh juices has expanded rapidly from more than 120 in 2012 to more than 230 in 2013.”

In addition to its expansion plans for mainland China, the Group recently announced that it has secured a new distributor in Hong Kong to distribute Garden Fresh juices into **wellcome** supermarket, which is one of the largest supermarket chains in Hong Kong with more than 200 retail points. The next target is to roll out Garden Fresh to other leading convenience stores such as **7-Eleven** in order to increase brand awareness further of Garden Fresh in Hong Kong.

Leading market position and gaining market share

As a result of first mover advantage as well as the Group’s sustained efforts in product development, on-going investments in advertising and promotional activities, Garden Fresh sales have grown rapidly over the past few years and Garden Fresh brand is now ranked as the No.1 loquat juice brand in China according to a market research report by Frost & Sullivan (“F&S Report”). According to the F&S Report, loquat juice retail sales in 2013 amounted to approximately RMB2.48 billion and accounted for approximately 1.4% of the overall fruit size market in China with retail value of RMB179 billion.

Mr Huang shared, “I was asked recently why is loquat juice not being mentioned or Garden Fresh brand not being highlighted in some other market research reports. The reason is because loquat juice is a relatively new juice segment within the fruit juice market in China as Garden Fresh was the first brand to actively promote loquat juice in 2010. And since it only accounts for less than 2% of the market, it is possible that some research companies may have missed out certain newer or smaller sub-segment juices when they conduct their researches based on previous methodologies.”

“I wish to add that Asian specialty juice is a new segment which is gaining popularity in China because it comprises fruits which are mainly planted in Asia and Asian consumers

believe these fruits such as longan, loquat, hawthorn, kumquat and plum may be beneficial to their health. This explains why Garden Fresh's other fruit juice category which comprise hawthorn fruits is also selling well in China in recent years."

The in-depth research report done by Frost & Sullivan included researches into newer product categories and sub-markets such as "**Asian Specialty Juice**" market and "**Loquat Juice**" market which shows that Garden Fresh commands a strong market share of 10.7% for the Asian Specialty Juice market and a commanding lead of 78.2% market share for the Loquat Juice market.

(For information related to the Frost & Sullivan Report, kindly refer to attachment 2)

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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 exporters of canned asparagus, long beans and mushrooms from the PRC. The Group's products are distributed globally across Europe, North America and in Asia, in renowned supermarkets, discount stores and convenience stores including Lidl, Rewe, Carrefour, Walmart, Huelpeden, Coles, Jusco and Metro.

With stringent quality control and procedures implemented in its manufacturing processes, Sino Grandness' manufacture and sale of 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 are strategically located in three provinces in the PRC, namely Shandong, Shanxi and Sichuan – all of which are key agricultural belts in the PRC. The production bases straddle different climatic regions so that production activities can be carried throughout the year. The Group's new 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 the PRC. 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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Attachment 1 : Chongqing Trade Exhibition

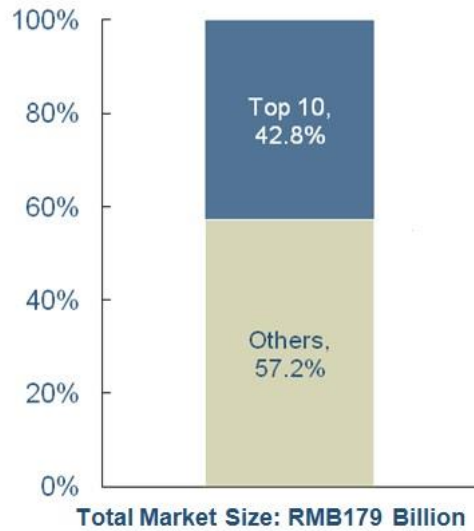




Attachment 2 : Market research by Frost & Sullivan

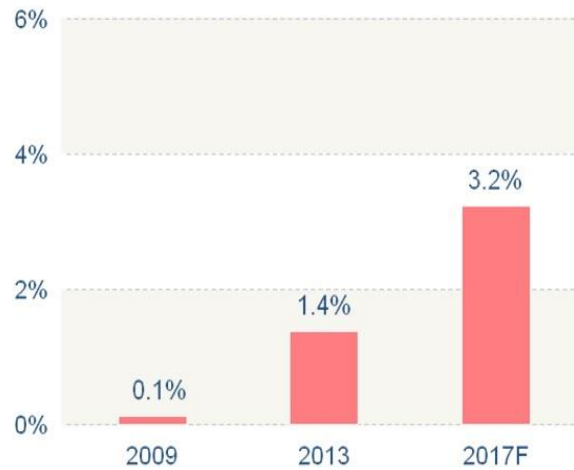
Chinese Fruit & Vegetable Juice Market Concentration, 2013

Market Share by Retail Value



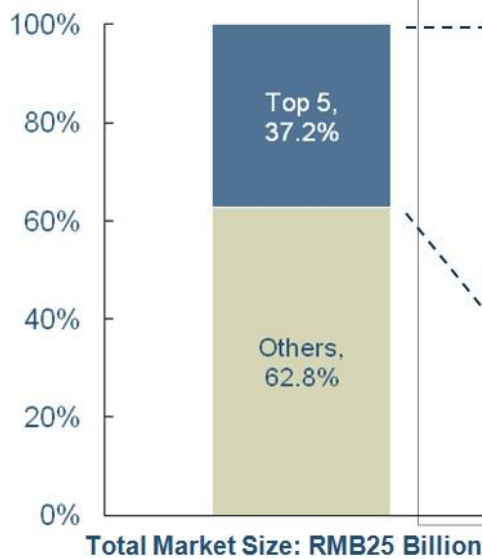
Loquat Juice Share in Total Fruit and Vegetable Juice Market

Share (%)

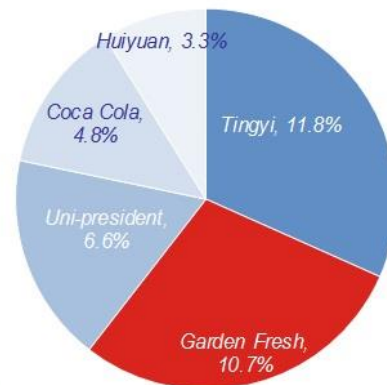


Chinese Asian Specialty Juice Market Concentration, 2013

Market Share by Retail Value



Market Share of Top 5 Competitors by Retail Value in Chinese Asian Specialty Juice Market, 2013



Market Share of Top 5 Competitors by Retail Value in Chinese Loquat Juice Market, 2013

