



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

HALF YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015

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

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

	<u>2Q</u>			<u>HALF YEAR (HY)</u>		
	Apr – Jun 2015	Apr – Jun 2014	Change %	Jan – Jun 2015	Jan – Jun 2014	Change %
	RMB'000	RMB'000		RMB'000	RMB'000	
Revenue	924,767	807,775	14.5	1,506,978	1,285,330	17.2
Cost of sales	(537,047)	(497,170)	8.0	(881,800)	(787,338)	12.0
Gross profit	387,720	310,605	24.8	625,178	497,992	25.5
Other operating income	(3,417)	4,258	(180.2)	9,016	11,217	(19.6)
Distribution and selling expenses	(111,727)	(67,616)	65.2	(173,702)	(138,314)	25.6
Administrative expenses	(16,893)	(22,185)	(23.9)	(57,829)	(44,265)	30.6
Other operating expenses	-	(64)	(100.0)	-	(64)	(100.0)
Finance costs	(103,321)	(31,744)	225.5	(169,221)	(61,369)	175.7
Profit before income tax and changes in fair value of the option derivatives in relation to convertible bonds	152,362	193,254	(21.2)	233,442	265,197	(12.0)
Changes in fair value of the option derivatives in relation to convertible bonds	39,977	(27,263)	246.6	107,577	(53,306)	301.8
Profit before income tax	192,339	165,991	15.9	341,019	211,891	60.9
Taxation	(66,288)	(57,415)	15.5	(107,130)	(85,813)	24.8
Net profit for the period	126,051	108,576	16.1	233,889	126,078	85.5
Other comprehensive income	-	-		-	-	
Total comprehensive income for the period	126,051	108,576	16.1	233,889	126,078	85.5

**Profit for the period
attributable to:**

Equity holders of the parent	126,150	108,694	234,325	126,354
Non-controlling interests	(99)	(118)	(436)	(276)
	<u>126,051</u>	<u>108,576</u>	<u>233,889</u>	<u>126,078</u>

**Total comprehensive
income for the period
attributable to:**

Equity holders of the parent	126,150	108,694	234,325	126,354
Non-controlling interests	(99)	(118)	(436)	(276)
	<u>126,051</u>	<u>108,576</u>	<u>233,889</u>	<u>126,078</u>

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

	<u>2Q</u>			<u>Half Year (HY)</u>		
	<u>Apr – Jun</u>	<u>Apr – Jun</u>	<u>Change</u>	<u>Jan – Jun</u>	<u>Jan – Jun</u>	<u>Change</u>
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>	
	<u>RMB'000</u>	<u>RMB'000</u>	<u>%</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>%</u>
Depreciation	(15,735)	(8,646)	82.0	(31,495)	(17,277)	82.3
Amortisation :-						
- land use rights	(579)	(294)	96.9	(1,179)	(587)	100.9
- subsidy	-	(33)	(100.0)	-	(67)	(100.0)
ESOS expenses	(2,580)	(2,580)	-	(5,159)	(5,159)	-
Net exchange gain/(loss)	2,609	969	169.2	1,848	1,855	(0.4)

Other operating income

	<u>4</u>	<u>1,705</u>	<u>N.M.</u>	<u>4</u>	<u>1,707</u>	<u>N.M.</u>
Government grants	4	1,705	N.M.	4	1,707	N.M.
Interest income- banks	484	368	31.5	883	642	37.5
Exchange gain	(4,019)	1,996	(301.4)	7,938	8,575	(7.4)
Others	114	189	(39.7)	191	293	(34.8)
Total	(3,417)	4,258	(180.2)	9,016	11,217	(19.6)

N.M. – Not meaningful

Note :-

The net exchange gain in HY2015 and 2Q2015 were mainly attributable to the revision of translation rate between Renminbi and USD.

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	
	30 June 15	31 Dec 14	30 June 15	31 Dec 14
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	826,626	828,492	14	17
Land use rights	112,683	113,862	-	-
Subsidiaries	-	-	90,935	50,935
Amount owing by subsidiaries	-	-	271,239	174,673
Deferred tax assets	1,678	1,678	-	-
Total non-current assets	940,987	944,032	362,188	225,625
Current assets				
Inventories	169,980	50,743	-	-
Trade receivables	952,740	1,110,207	-	-
Other receivables	698,303	317,139	-	55
Cash and cash equivalents	323,971	223,572	7,349	161,543
Total current assets	2,144,994	1,701,661	7,349	161,598
Current liabilities				
Trade payables	103,715	136,951	-	-
Other payables	87,898	31,798	10,787	16,362
Note payables	75,350	62,250	-	-
Current tax payable	80,713	21,534	-	-
Bank borrowings	109,400	59,200	-	-
Convertible bonds	777,973	722,076	-	-
Total current liabilities	1,235,049	1,033,809	10,787	16,362
Net current assets/(liabilities)	909,945	667,852	(3,438)	145,236
Non-current liabilities				
Deferred tax liabilities	20,241	20,241	20,241	20,241
Total non-current liabilities	20,241	20,241	20,241	20,241
Net assets	1,830,691	1,591,643	338,509	350,620
Equity				
Equity attributable to equity holders of the Parent				
Share capital	440,948	440,948	440,948	440,948
Retained profits/(Accumulated losses)	1,237,669	1,035,167	(118,129)	(100,859)
Other reserves	149,262	112,280	15,690	10,531
Total shareholder's funds	1,827,879	1,588,395	338,509	350,620
Non-controlling interests	2,812	3,248	-	-
Total equity	1,830,691	1,591,643	338,509	350,620

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

	30 Jun 2015	31 Dec 2014
	RMB'000	RMB'000
Amount repayable in one year or less or on demand		
Secured	109,400	59,200
Unsecured	777,973	722,076
	<u>887,373</u>	<u>781,276</u>
Amount repayable after one year		
Secured	-	-
Unsecured	-	-
	<u>-</u>	<u>-</u>
	<u>887,373</u>	<u>781,276</u>

Details of collaterals:-

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

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

	2Q		Half Year (HY)	
	Apr - Jun	Apr - Jun	Jan - Jun	Jan - Jun
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities:				
Profit before income tax	192,339	165,991	341,019	211,891
Adjustments for:				
Depreciation of property, plant and equipment	15,735	8,646	31,495	17,277
Fair value of the option derivatives in relation to the convertible bonds	(39,977)	27,263	(107,577)	53,306
Amortisation of land use rights	579	294	1,179	587
Amortisation of subsidy	-	33	-	67
Share-based payment expense under ESOS scheme	2,580	2,580	5,159	5,159
Interest expenses	103,321	31,744	169,221	61,369
Interest income	(484)	(368)	(883)	(642)
	<u>274,093</u>	<u>236,183</u>	<u>439,613</u>	<u>349,014</u>
Operating cash flows before working capital changes				
(Increase)/decrease in deposits pledged with banks	(15,000)	(2,780)	29,138	6,250
Increase in inventories	(123,800)	(154,633)	(119,237)	(157,139)
Increase in operating receivables	(161,937)	(223,681)	(223,697)	(161,365)
(Decrease)/Increase in operating payables	(59,342)	93,767	35,964	62,512

	<u>2Q</u>		<u>Half Year (HY)</u>	
	Apr - Jun 2015 RMB'000	Apr - Jun 2014 RMB'000	Jan - Jun 2015 RMB'000	Jan - Jun 2014 RMB'000
Cash (used in)/generated from operations	(85,986)	(51,144)	161,781	99,272
Income tax paid	(31,588)	(26,452)	(47,951)	(56,892)
Interest paid	(4,436)	(1,992)	(5,747)	(2,352)
Net cash (used in)/generated from operating activities	<u>(122,010)</u>	<u>(79,588)</u>	<u>108,083</u>	<u>40,028</u>
Cash flows from investing activities:				
Acquisition of property, plant and equipment	(27,038)	(59,499)	(29,629)	(75,535)
Interest received	484	368	883	642
Net cash used in investing activities	<u>(26,554)</u>	<u>(59,131)</u>	<u>(28,746)</u>	<u>(74,893)</u>
Cash flows from financing activities:				
Bank loans obtained	75,000	15,000	110,000	15,000
Bank loans repaid	(37,400)	-	(59,800)	(5,000)
Net cash generated from financing activities	<u>37,600</u>	<u>15,000</u>	<u>50,200</u>	<u>10,000</u>
Net (decrease)/increase in cash and cash equivalents	(110,964)	(123,719)	129,537	(24,865)
Cash and cash equivalents at beginning of period	<u>414,935</u>	<u>180,873</u>	<u>174,434</u>	<u>82,019</u>
Cash and cash equivalents at end of period	<u>303,971</u>	<u>57,154</u>	<u>303,971</u>	<u>57,154</u>
Cash and cash equivalents comprise:				
Cash and bank balances	303,971	57,154	303,971	57,154
Fixed deposits	20,000	3,060	20,000	3,060
	<u>323,971</u>	<u>60,214</u>	<u>323,971</u>	<u>60,214</u>
Less Fixed deposits pledged	<u>(20,000)</u>	<u>(3,060)</u>	<u>(20,000)</u>	<u>(3,060)</u>
	<u>303,971</u>	<u>57,154</u>	<u>303,971</u>	<u>57,154</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

	Share capital	Retained profits	Share Option Reserve	Merger reserve	Statutory common reserve	Attributable to equity holders of the Parent	Non-controlling interests	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group								
Balance at 1 January 2014	282,578	816,090	2,220	(31,413)	102,742	1,172,217	4,069	1,176,286
Profit for the year and representing total comprehensive income for the year	-	249,497	-	-	-	249,497	(821)	248,676
Issuance of shares	163,642	-	-	-	-	163,642	-	163,642
Share issuance expenses	(5,272)	-	-	-	-	(5,272)	-	(5,272)
Share-based payment expenses under ESOS scheme	-	-	8,311	-	-	8,311	-	8,311
Transfer to statutory reserve	-	(30,420)	-	-	30,420	-	-	-
Balance at 31 December 2014	440,948	1,035,167	10,531	(31,413)	133,162	1,588,395	3,248	1,591,643
Profit for the period and representing total comprehensive income for the period	-	234,325	-	-	-	234,325	(436)	233,889
Share-based payment expenses under ESOS scheme	-	-	5,159	-	-	5,159	-	5,159
Transfer to statutory reserve	-	(31,823)	-	-	31,823	-	-	-
Balance at 30 June 2015	440,948	1,237,669	15,690	(31,413)	164,985	1,827,879	2,812	1,830,691

	Share capital	Accumulated losses	Share option reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Company				
Balance at 1 January 2014	282,578	(77,727)	2,220	207,071
Issue of shares	163,642	-	-	163,642
Share issue costs	(5,272)	-	-	(5,272)
Share-based payment expenses under ESOS scheme	-	-	8,311	8,311
Loss for the year representing total comprehensive income for the year	-	(23,132)	-	(23,132)
Balance at 31 December 2014	440,948	(100,859)	10,531	350,620
Share-based payment expenses under ESOS scheme	-	-	5,159	5,159
Loss for the period representing total comprehensive income for the period	-	(17,270)	-	(17,270)
Balance at 30 June 2015	440,948	(118,129)	15,690	338,509

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

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

There were no outstanding convertible securities and treasury shares as at 30 June 2015 and 31 December 2014.

- 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 30 Jun 2015	As at 31 Dec 2014
Total number of ordinary shares issued and fully paid	673,344,828	673,344,828

The Company does not have treasury shares as at 30 June 2015 and 31 December 2014.

- 1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares 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 set out 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 2014.

- 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.**

In the current financial period, the Group adopted the revised Financial Reporting Standard (“FRS”) and Interpretation of FRS (“INT FRS”) that are effective for annual periods beginning on and after 1 January 2015 which did not result in substantial changes to the Group’s accounting policies nor had any significant impact on the amounts 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)	<u>2Q</u>		<u>Half Year (HY)</u>	
	Apr – Jun 2015	Apr – Jun 2014	Jan – Jun 2015	Jan – Jun 2014
EPS based on average number of ordinary shares (RMB cents)	18.7	18.5	34.8	21.5
EPS on a fully diluted basis (in RMB cents)	18.7	18.4	34.8	21.4
Weighted average number of ordinary shares ('000)	673,345	587,345	673,345	587,345
Weighted average number of ordinary shares – diluted ('000)	673,345	589,542	673,345	589,542

Basic earnings per share for 2Q2015 and HY2015 are calculated based on the Group profit after taxation of RMB 126,150,000 and RMB 234,325,000 respectively on actual number of ordinary shares issued of 673,344,828.

For comparative purpose, the basic earnings per share for 2Q2014 and HY2014 were calculated based on the Group profit after taxation of RMB 108,694,000 and RMB 126,354,000 respectively on actual number of ordinary shares issued of 587,344,828.

The fully diluted earnings per share for 2Q2015 and HY2015 were calculated based on the Group profit after taxation of RMB 126,150,000 and RMB 234,325,000 respectively on actual number of ordinary shares of 673,344,828 after adjusting for the outstanding options under ESOS scheme. The dilutive equity instruments in the ESOS scheme is anti-dilutive. Therefore, the fully diluted earnings per share for 2Q2015 and HY2015 were the same as the basic earnings per share for 2Q2015 and HY2015.

The fully diluted earnings per share for 2Q2014 and HY2014 were calculated based on the Group profit after taxation of RMB 108,694,000 and RMB 126,354,000 respectively on actual number of ordinary shares of 589,541,851 after adjusting for the outstanding options under ESOS scheme.

7. **Net assets 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	
	30 Jun 15	31 Dec 14	30 Jun 15	31 Dec 14
Number of ordinary shares	673,344,828	673,344,828	673,344,828	673,344,828
NAV per ordinary share in the Company (RMB cents)	271.9	236.4	50.3	52.1

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

Our revenue increased by approximately RMB221.7 million or 17.2% from RMB1,285.3 million in HY2014 to RMB1,507.0 million in HY2015. This increase was attributable to the increase of RMB187.6 million and RMB56.1 million from sales of beverage and canned products in domestic markets respectively, partially offset by a decrease of RMB22.1 million from sales of canned products in overseas market. The increase in sales volume of beverage and canned products in domestic markets is mainly due to expansion of distribution network in People's Republic of China ("PRC").

Breakdown of revenue by segments:

	2Q			Half Year (HY)		
	Apr – Jun 2015	Apr – Jun 2014	Change	Jan – Jun 2015	Jan – Jun 2014	Change
Product segment	RMB'000	RMB'000	%	RMB'000	RMB'000	%
<u>Canned products</u>						
- overseas	188,186	203,372	(7.5)	283,744	305,841	(7.2)
- domestic	111,317	78,567	41.7	175,155	119,024	47.2
<u>Beverage</u>	625,264	525,836	18.9	1,048,079	860,465	21.8
<u>Total</u>	924,767	807,775	14.5	1,506,978	1,285,330	17.2

Gross profit

Largely in line with the increase in the Group's sales, the Group's gross profit increased by approximately RMB127.2 million or 25.5%, from RMB498.0 million in HY2014 to RMB625.2 million in HY2015. Our overall gross profit margin (GPM) improved by 2.8 percentage points, from 38.7% in HY2014 to 41.5% in HY2015. The improvement of our overall GPM was mainly attributable to an increase in the GPM of beverage segment partially offset by a decrease in the GPM of canned products in domestic and overseas markets. The improvement in GPM of beverage segment was mainly due to lower cost of raw materials in HY2015 compared to HY2014. The decrease in GPM of canned products in domestic and overseas market was mainly due to higher cost of production from HY2014 to HY2015.

Operating expenses

Distribution and selling expenses increased by approximately RMB35.4 million or 25.6%, from RMB138.3 million in HY2014 to RMB173.7 million in HY2015. This was mainly due to an increase of RMB6.5 million in transportation costs and RMB32.2 million in advertising and promotion expenses respectively. Increase in transportation costs in HY2015 was mainly attributed to increase in domestic sales of beverage and canned products in PRC. Increase in advertising and promotion expenses was mainly attributed to our domestic sales of beverage and canned products in PRC market.

Administrative expenses increased by approximately RMB13.5 million or 30.6%, from RMB44.3 million in HY2014 to RMB57.8 million in HY2015. This was mainly due to increase in depreciation of RMB2.5 million, employee benefit cost of RMB1.5 million and professional fees of RMB6.3 million.

Finance costs

Finance costs increased by approximately RMB107.8 million or 175.7%, from RMB61.4 million in HY2014 to RMB169.2 million in HY2015. Non-cash interest relating to convertible bonds increased from RMB59.0 million in HY2014 to RMB163.5 million in HY2015. The increase in cash interest was mainly due to higher bank borrowings in HY2015 as compared to HY2014.

Profit before taxation

Profit before taxation increased by approximately RMB129.1 million or 60.9%, from RMB211.9 million in HY2014 to RMB341.0 million in HY2015. The increase was due to an increase in revenue offset by an increase in operating expenses and finance cost partially offset by decrease in changes in fair value of the option derivatives in relation to convertible bonds.

Review of Balance Sheet

Property, plant and equipment decreased by approximately RMB1.9 million from RMB828.5 million in FY2014 to RMB826.6 million in HY2015 as a result of the acquisition of property, plant and equipment offset by depreciation charged during the period under review.

Our inventories increased by approximately RMB119.3 million from RMB50.7 million in FY2014 to RMB170.0 million in HY2015. The increase in inventories over the period under review was in line with Group's increased business activities. Higher inventory is mainly due to the seasonal harvesting of asparagus and loquat which occurs in second quarter of each year.

Trade receivables decreased by approximately RMB157.5 million from RMB1,110.2 million in FY2014 to RMB952.7 million in HY2015. The decrease in trade receivables was a result of better credit management. As at 30 June 2015, the Group does not have any trade receivables exceeding 120 days and the total amount collected as at 31 July 2015 is approximately RMB319.6 million.

Other receivables increased by approximately RMB381.2 million from RMB317.1 million in FY2014 to RMB698.3 million in HY2015. Other receivables comprised VAT receivables, export tax refund, deposit and prepayments. The increase in other receivables was mainly attributable to deposit and prepayment for property, plant and equipment in Hubei and Anhui plants.

Cash and cash equivalents stood at RMB324.0 million as at 30 June 2015, the increase in cash and cash equivalents was mainly due to bank loan obtained and net cash generated from operating activities partially offset by acquisition of property, plant and equipment and bank loan repayment during the period under review.

Current liabilities increased by RMB201.2 million from RMB1,033.8 million in FY2014 to RMB1,235.0 million in HY2015. The increase were mainly attributable to an increase in other payables of RMB56.1 million, note payables of RMB13.1 million, current tax payable of RMB59.2 million, bank borrowing of RMB50.2 million and RMB55.9 million in convertible bonds (arising from fair value changes and accretion of the convertible bonds at amortized cost). The increase was partially offset by a decrease in trade payable of RMB33.3 million.

Equity interest increased by RMB239.1 million from RMB1,591.6 million as at 31 December 2014 to RMB1,830.7 million as at 30 June 2015. The increase was mainly attributable to net profits in HY2015.

Review of cash flow statement

In HY2015, operating cash flows before working capital changes amounted to RMB439.6 million. The Group used net cash of RMB277.8 million in its operating activities. Working capital changes comprised an increase in inventories of RMB119.2 million, operating payables of RMB36.0 million and operating receivables of RMB223.7 million partially offset by a decrease in deposit pledged with banks of RMB29.1 million. Net cash used in investing activities amounted to RMB28.7 million in HY2015, which was due mainly to acquisition of property, plant and equipment. In addition, net cash generated from financing activities amounted to RMB50.2 million in HY2015, which was due to bank loan obtained in HY2015.

Convertible bonds

The Group	30 June 2015 RMB'000	31 December 2014 RMB'000	Variance RMB'000
2012 Convertible Bond	590,779	526,509	64,270
2011 Convertible Bond	187,194	195,567	(8,373)
	777,973	722,076	55,897
Comprising :-			
Liability component at amortised cost			
- 2012 Convertible bond	461,271	353,558	107,713
- 2011 Convertible bond	186,588	130,827	55,761
Sub-total	647,859	484,385	163,474

Option derivatives at fair value			
- 2012 Convertible bond	129,508	172,951	(43,443)
- 2011 Convertible bond	606	64,740	(64,134)
Sub-total	130,114	237,691	(107,577)
(Note A)	777,973	722,076	55,897

The Group	30 June 2014 RMB'000	31 December 2013 RMB'000	Variance RMB'000
2012 Convertible Bond	460,289	377,724	82,565
2011 Convertible Bond	175,953	146,196	29,757
	636,242	523,920	112,322
Comprising :-			
Liability component at amortised cost			
- 2012 Convertible bond	345,986	310,107	35,879
- 2011 Convertible bond	155,064	131,927	23,137
Sub-total	501,050	442,034	59,016
Option derivatives at fair value			
- 2012 Convertible bond	114,303	67,617	46,686
- 2011 Convertible bond	20,889	14,269	6,620
Sub-total	135,192	81,886	53,306
Extension option at fair value			
(Note B)	636,242	523,920	112,322

Note A : The increase in finance costs relating to convertible bond is mainly due to the amortization of the liability component of the convertible bond for the half year ended 30 June 2015. The decrease in fair value of the option derivatives relating to convertible bond is mainly due to the reduction in the time value of the option premium as it comes to its maturity date. In addition, the maturity of the remaining RMB 80.5 million 2011 convertible bond was further extended to its extended maturity date of 25th July 2015. The new maturity date has been taken in consideration for fair valuation of the convertible bond.

Note B : The increase in finance costs relating to convertible bond is mainly due to the amortization of the liability component of the convertible bond for the half year ended 30 June 2014. The increase in fair value of the option derivatives relating to convertible bond is mainly due to the fair value estimation of the convertible bond as at the date of the period under review.

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 first quarter results announcement released on 12 May 2015.

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.

National Bureau of Statistic of China reported that China's Gross Domestic Product increased by 7.0% year-on-year to approximately RMB29,686.8 billion during first 6 months of 2015 ("1H15"). Total retail sales of consumer goods in 1H15 rose 10.4% to RMB14,157.7 billion with retail sales in rural area rising 11.6% while retail sales in urban area rising at a relatively slower pace of 10.2%. The higher growth of retail sales in rural area was reflective of the higher growth in per capital disposable income of rural

residents, rising 9.5% to RMB5,554 while per capital disposable income of urban residents rose at a slower pace of 8.1% to RMB15,699.

Chinese consumers, as a result of higher disposable income and improved living standards, have shown increasing awareness on health and wellness. They have become more concerned about the quality and safety of food consumed. Both sustained growth in consumer spending and heightened health and wellness awareness augur well for the fruit juice and canned fruit industry in China.

To capitalize on the potential growth opportunities ahead for Garden Fresh juices and Grandness canned fruits, the Group will continue to invest in advertising and promotional activities, sales and marketing as well as product development efforts in order to grow brand awareness, product offerings and distribution network for the Group. In March 2015, Garden Fresh brand became one of the main sponsors for a popular variety show on Shenzhen Satellite channel called 男左女右 (“Men vs Women”). In April 2015, the Group has commenced TV advertisements on Yunnan Satellite channel are expected to continue until October 2015. The Group believes the sponsorship deal and TV advertisements will help to increase Garden Fresh brand value and enhance brand awareness further.

In April 2015, the Group announced that it has successfully secured sizeable indicative orders of approximately RMB470 million after the conclusion of the trade exhibition held in Chengdu, Sichuan Province PRC during late March 2015 (“Chengdu Trade Exhibition”). During the Chengdu Trade Exhibition, the Group also introduced various new products including Garden Fresh loquat-lemon and loquat-kumquat beverage products as well as Grandness fruit jams.

In May 2015, the Group announced that it has successfully extended its network in Hong Kong market by rolling out Garden Fresh juices into **7-Eleven** stores in addition to **wellcome** stores. Subsequently, Garden Fresh juices have also been rolled out across **PARKnSHOP** stores, which is one of the leading supermarket chains in Hong Kong. Presently, the two main Garden Fresh juices that are being distributed in Hong Kong are the 50% loquat juice and 50% blended hawthorn juice. As the Group continued to expand its product range within the PRC mainland market, the Group intends to also gradually expand the Garden Fresh product range available to overseas consumers as well.

Subsequent to our announcement on 22 July 2015, the Company had concluded discussion with CB1 and CB2 bondholders who had agreed to the extension of the maturity date. We are in the process of finalizing the legal documentation. In addition, the Company is currently in discussion with potential investors for funding on more favourable terms to further strengthen our financial position to support our business development and expansion. The Company will keep shareholders updated in due course.

Barring unforeseen circumstances, the Group remains optimistic about its operating performance in FY2015.

11. Dividends

Current financial period reported on

Any dividend declared for the current financial period reported on?

None

Corresponding period of the immediately preceding financial year

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

None

Date payable

Not applicable

Books closure date

Not applicable

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

No dividend has been declared/recommended.

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 half year financial results for the period ended 30 June 2014 to be false or misleading in any material aspect.

15. Use of net proceeds

The Board refers to the issuance of 86,000,000 shares by the Company in December 2014 (“Placement 2014”). As at 31 July 2015, the Group had utilised approximately RMB63.5 million out of the net proceeds of RMB173.5 million. The net proceeds from the Placement 2014 have thus been utilised as follows:-

Use of net proceeds	Allocation (%)	Amount allocated (RMB)	Accumulated amount utilized (RMB)	Balance (RMB)
(a) Capital expenditure and distribution network expansion	60	104,100,000	53,500,000	50,600,000
(b) Working Capital				
- Bank repayment	35	60,725,000	10,000,000	50,725,000
- Operating expenses	5	8,675,000	-	8,675,000
Total	100	173,500,000	63,500,000	110,000,000

BY ORDER OF THE BOARD
 HUANG YUPENG
 CHAIRMAN AND CEO
 12 August 2015