



Sino Grandness Food Industry Group Limited

ANNUAL GENERAL MEETING

28 April 2014



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Financial Highlights



Financial Highlights : FY13 VS FY12

Positive performance with record revenue and net profit

(RMB'm)	FY13	FY12	Change	Comments
Revenue	2,261.0	1,632.4	+38.5%	Higher orders across the board, stronger momentum from own-branded products
Gross profit	875.1	627.5	+39.4%	Group GP margin improved slightly
Distribution and selling expenses	(218.2)	(166.3)	+31.3%	Mainly due to higher transportation costs and A&P costs
Administrative expenses	(94.8)	(53.7)	+76.4%	Mainly due to higher depreciation charge from new Hubei Plant, forex losses and spin-off related expenses
Profit attributable to equity holders	401.1	273.9	+46.4%	Net profit margin remained stable at 17.6%

Revenue by Segment : FY13 VS FY12

• Own-branded products under beverage segment (Garden Fresh juices) and domestic canned products (Grandness canned fruits) continued showing strong growth momentum

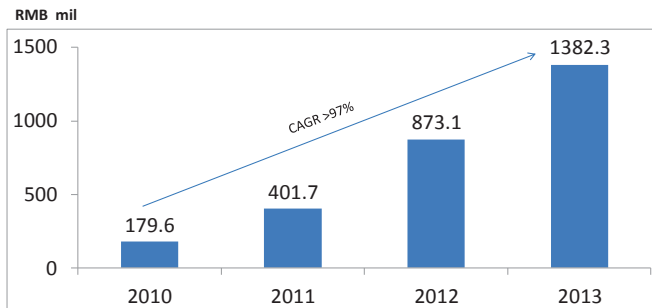
(RMB'm)	FY13	FY12	Change
Beverage	1,382.3	873.2	+58.3%
Overseas canned Products*	690.1	655.9	+5.2%
Domestic canned Products**	188.6	103.3	+82.5%
Total	2,261.0	1,632.4	+38.5%

* Includes canned vegetables such as asparagus, long beans and mushrooms

**Includes canned fruits such as peaches, pineapples, pears, mixed-fruits and mandarin oranges.

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Beverage Segment Sales Strong Growth Momentum : attributed to rapid expansion of distribution network and product range

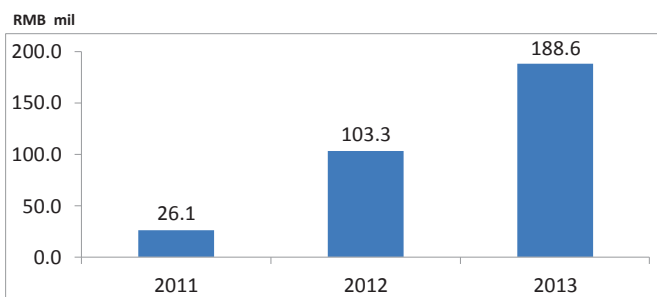


Beverage segment sales in 2013 comprised two main product lines :
 a. Loquat juice which included pure loquat juice and blended loquat juice
 b. Hong Guo Le which included various fruits such as hawthorn

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Domestic canned products sales

• Domestic canned food products sales have increased rapidly within 3 years driven by expansion of product range and distribution network



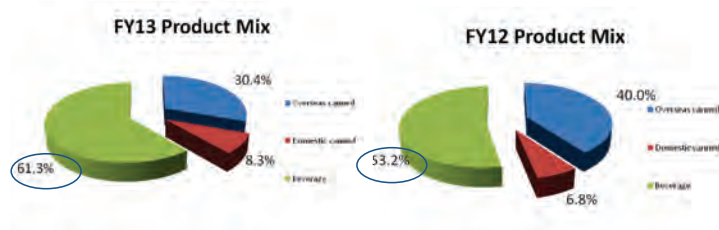
Domestic canned products

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Increasing contribution from own-branded products

• Beverage segment (which consists Garden Fresh juices) is the largest contributor to Group revenue with its contribution rising to 61.3% in FY13 from 53.2% in FY12

• Domestic canned products (which consists Grandness canned fruits) also reported higher contribution to Group revenue, rising to 8.3% in FY13 from 6.8% in FY12



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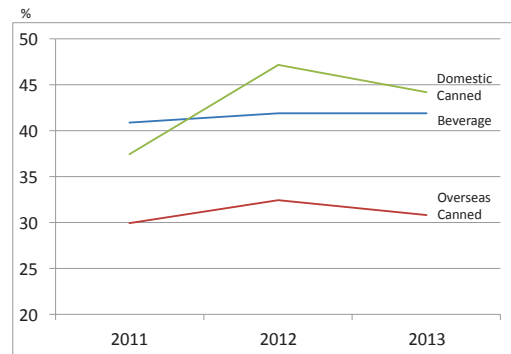
Gross Margin Analysis : FY13 VS FY12

Group gross margin improved slightly due to positive shift in product mix

	FY13 GPM	FY12 GPM
Beverage	41.9%	41.9%
Overseas canned products	30.8%	32.4%
Domestic canned products	44.2%	47.2%
Group	38.7%	38.4%



Gross Margin Analysis



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Balance Sheet

(RMB'm)	As at 31 Dec 2013	As at 31 Dec 2012	Comments
Current assets	1,058.8	746.9	Trade and other receivables increased due to increase in business activities.
Non-Current assets	794.9	591.0	Mainly due to increase in property plant and equipment at Hubei, Sichuan and Shanxi plants
Current liabilities	482.7	151.8	Mainly due to repayment of bank loan
Non-Current liabilities	20.2	352.6	
Net assets	1,350.8	833.6	
Debt Ratio*	19.6%	28.1%	
Cash & Equivalents	91.3m	138.3m	Higher capex of RMB256.7m

*Debt ratio = Total debt / Total asset

*Total debt = bank borrowings and convertible bonds

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Growth Strategies & Outlook





Growth Strategies – Focusing On China

Main Products

Asparagus

Long Beans

Mushrooms

Juices



Going forward, we have put in place **twin growth drivers** to achieve sustainable growth, with primary focus on China market :

- **Beverage division** : intensify A&P activities, expand sales and distribution network, continuous R&D efforts to expand product range of bottled juices
- **Non-beverage division** :
 - a) participation in trade exhibitions to expand market share, cross-selling of products to export customers
 - b) invest more resources to grow in-house brand value and expand product range (eg canned fruits & snacks)

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Key Growth Strategy : Focusing On Beverage Segment For China Market



On-going R&D Efforts



Intensify Sales and Marketing Activities



Expand Sales and Distribution Network



Expand production capacity

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R&D Efforts : Expanding Product Range



- 1Q12 : Established strategic Research Centre with **China National Research Institute of Food & Fermentation Industries (CNIF)** 中国食品发酵工业研究院, the largest and oldest F&B research institution in China to further strengthen our competitive edge
- Jointly set up Research Centre will strive to **establish national standards and specifications for loquat juices**
- New beverage products shall **bear a product quality mark** to affirm that products are developed by CNIF's new R&D centre
- Annual target for R&D team : To introduce **1-2 new beverage products each year**

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R&D Efforts : Expanding Product Range Leading loquat juice brand in China

In order to capture a broader customer base, we have rapidly expanded our beverage product range.

To-date, **loquat range** of juices have expanded from 1 SKU to **19 SKUs** comprising :

- 100% loquat juice
- 50% loquat juice
- Loquat pear
- Icy loquat
- Loquat strawberry
- Loquat peach
- Loquat mango



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Advertising & Promotional Efforts

- Advertising activities eg. invest in brand building efforts by leveraging on various platforms including trade exhibitions, event sponsorships, TV commercials and print advertisements
- other marketing activities eg lucky draw, free sampling

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TV Commercials On Shenzhen Satellite TV

Expecting Garden Fresh brand awareness to be enhanced further as Shenzhen Satellite TV has extensive coverage all over China



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Garden Fresh TV commercial to be aired during popular shows in Shenzhen Satellite TV



男左女右 is the equivalent of the popular show called "Battle of the Sexes" in the west. It is a weekly talk show produced by the company who introduced the hugely popular singing contest show "The Voice". The hosts of 男左女右 are made up of the famous Taiwanese celebrity singer Zhang Yu and PRC host Li Shuang.



直播港澳台 is one of the prime time news aired daily covering major events in the PRC, HK and Macao.



黄金剧场 is the serial show aired during prime time at 730pm.

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Latest brand building Initiative : Micro-film to grow brand awareness further in 4Q13



Micro film titled : 幸福的味道 "Taste of happiness" will be uploaded across all major online platforms New TV commercials will be using clips from Taste of happiness so that consumers can relate better to the TV commercials after watching the micro-film.

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Recent A&P activities : TV Ads



Kids Channel 少儿频道



Public Channel – New Year Wish
公共频道《新闻广场》恭贺标版

Recent A&P activities : TV Ads



公共频道《18点新闻》天气预报植入



公共频道《新闻广场》天气预报植入



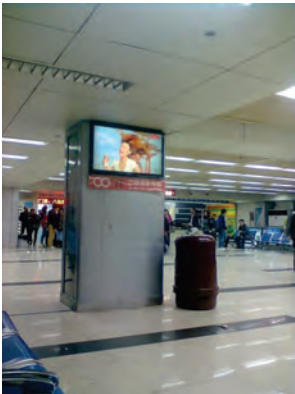
娱乐频道《城市发现》天气预报植入



财经频道《经济生活报道》天气预报植入

Recent A&P activities

LCD panel advertisements at immigration entry points



Recent A&P activities

Advertisements on public transport :
LCD panels in trains





Recent A&P activities



Advertisements on public transport :
inside and outside buses

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Recent A&P activities

Outdoor advertisements



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Awards & Accolades

- Sept 2013 : Accorded the prestigious “**Top 500 Asia Brand**” award (“亚洲品牌500强”) during the eighth Asian Brand Ceremony held in Hong Kong
- During the same event, Mr Huang Yupeng (“黄育鹏”), Chairman and CEO of Sino Grandness was also accorded the title “**Asia Brand Management Excellent Personality Award**” (“亚洲品牌管理优秀人物奖”).
- Jan 2013 : Prestigious “**Top 100 Brand in China**” award by the joint agency of Global times, Asia Brand Association and China Economic Herald.
- Reflects brand awareness of Garden Fresh has elevated to national level from provincial level.



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Awards & Accolades



- November 2013 : 鲜绿园* (“Garden Fresh”) has been valued at RMB3.5 billion according to a 品牌价值数据证书 (“Brand Value Data Certificate”) issued by Asia Brand Association Experts Committee and Asia Brand Research Centre

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Tremendous Response Received During and After F&B Trade Exhibition in Chengdu in March 2013



Main entrance to exhibition space

Garden Fresh main display station during exhibition

Tremendous Response Received During and After F&B Trade Exhibition in Chengdu in March 2013

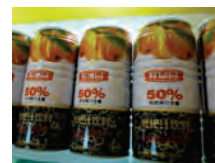
New product launched : Soft-pack 100% loquat juice (target children market and health conscious consumers)



• Secured multiple new distributors for north-eastern and north-western provinces in the PRC



Loquat-mango juice 450ml



Tin-can loquat juice 310ml & 960ml

F&B Trade Exhibition and Trade Fair in Hubei Province in October 2013



F&B Trade Exhibition in Chengdu in March 2014 - expanding product range further



F&B Trade Exhibition in Chengdu in March 2014
- expanding product range further



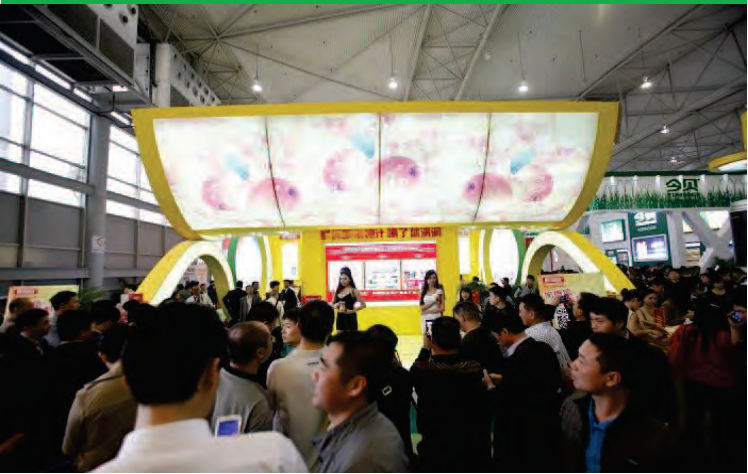
F&B Trade Exhibition in Chengdu in March 2014
- expanding product range further



F&B Trade Exhibition in Chengdu in March 2014
- expanding product range further



F&B Trade Exhibition in Chengdu in March 2014
- expanding product range further



F&B Trade Exhibition in Chengdu in March 2014



Successfully introduced new range of aloe vera juice 500ml PET bottle

Source : wikipedia.org
The cosmetic and alternative medicine industries regularly make claims regarding the soothing, moisturizing, and healing properties of aloe vera. Aloe vera gel is used commercially as an ingredient in yogurts, beverages, and some desserts.

F&B Trade Exhibition in Chengdu in March 2014

Snacks : Crispy Mushrooms with multiple flavours eg original, seafood, tomato and spicy



Snacks : Dried Meat with multiple flavours eg five-spice, spicy, black-pepper.



F&B Trade Exhibition in Chengdu in March 2014

Snacks : Cakes with multiple flavours eg butter, chocolate, oat and sea-weed



F&B Trade Exhibition in Chengdu in March 2014

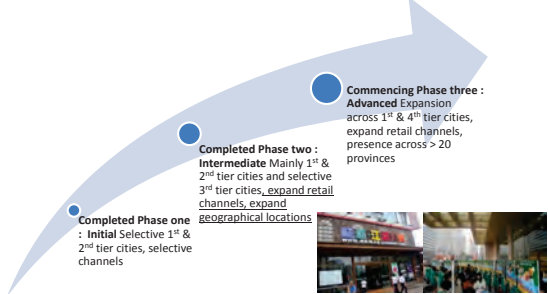


"Grandness" bottled fruits comprising mandarin orange, yellow peach, pear and hawthorn. Latest products launched were strawberry and grape.



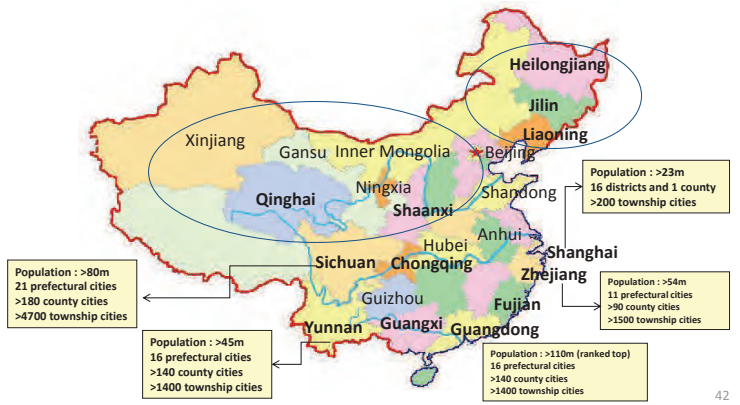
Expanding Presence With 3 Phase Expansion Plan

- We plan to expand our presence in the China market through a Three Phase Expansion Plan.
- Phase One (Initial) - we have an experienced and strong sales and marketing team who have successfully penetrated tier 1 and tier 2 cities in selective provinces.
- Phase Two (Intermediate) - Focusing on mainly tier 1 and tier 2 cities, continuous expansion into new retail channels in existing provinces, expanding geographical presence into new provinces
- 2013 onwards : Phase Three (Advanced) - Expand across 1st and 4th tier cities, aggressive expansion of all retail channels, distribution channels across > 20 provinces**



Huge Growth Potential in China : Horizontal and Vertical Expansion (Phase 3 Expansion Plan)

•horizontal and vertical expansion across >20 provinces



Rapid Expansion of Retail Points

Vanguard Channel



Rapid Expansion of Retail Points

RT Mart Channel





Recent Update : New channels and New Products

7-11 convenience stores in Guangdong Province :

It is estimated that in Guangdong Province alone, there are more than six hundred 7-Eleven convenience stores.



Mixed loquat juices on shelf in supermarkets

Icy loquat juices on sales in 7-11 stores

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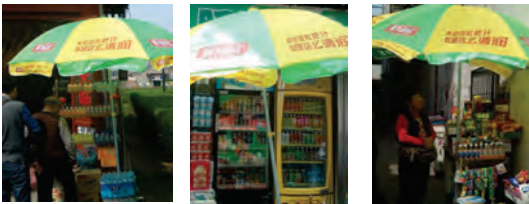
Rapid Expansion of Retail Points

Vending Machines



Rapid Expansion of Retail Points

Traditional Channel



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Production Facilities in China





China Production Facilities :



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First internal juice plant in Sichuan Province commenced mass production in 2012



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Cost Savings as new internal plant in Sichuan Province ramping up production in 2012



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New plant in Hubei Province, PRC


New plant in Hubei Province, PRC total land area approximately 160mu (about 106,560 m²)
Expect to commence mass production of beverage products in 2014



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 New plant in Hubei Province, PRC



 New plant in Hubei Province, PRC
4Q13 : Installation ceremony for beverage facilities



Thank You
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