



Sino Grandness Food Industry Group Limited

FY2014 Results Presentation





Important notice

This presentation 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, adverse weather 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, such as the spread of deadly virus. 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.



Financial Highlights : FY2014 VS FY2013

(RMB'm)	FY2014	FY2013	Change	Comments
Revenue	2,819.4	2,261.0	+24.7%	Growth driven by higher orders for own-branded beverage and domestic canned products segments
Gross profit ("GP")	1,127.9	875.1	+28.9%	Group GP margin rose to 40.0% from 38.7% due to improvement in gross margin for beverage segment and positive shift in product mix
Distribution and selling expenses ("D&S")	(378.7)	(218.2)	+73.5%	Due to higher transportation costs and advertising & promotional ("A&P") costs
D&S expenses / revenue	13.4%	9.7%	3.7ppt	Besides own branded fruit juices, the Group also incurred additional A&P costs for marketing own-branded snack food and canned food products
Finance Costs *	(145.4)	(118.4)	+22.8%	Mainly due to non-cash interest expense charges related to outstanding convertible bonds ("CBs") and interest paid to repurchase CBs in 4Q14
Changes in fair value of option derivatives in relation to convertible bonds	(112.2)	(14.0)	+699.3%	Non-cash adjustment related to CBs
Profit attributable to equity holders	233.4	287.7	-18.9%	The decrease was mainly due to non-cash charges related to CBs, interest paid to repurchase CBs in 4Q14 and higher D&S expenses.
Adjusted earnings**	451.0	418.2	+7.8%	Excluding impact of non-cash interest and fair value adjustment related to CBs.

*Non-cash interest expenses related to convertible bonds in FY14 amounted to RMB105.5m (FY13:RMB116.5m)

**Adjusted earnings = Net profit attributable to shareholders + non-cash interest expenses of convertible bonds + changes in fair value of the option derivatives in relation to convertible bonds



Financial Highlights : 4Q14 VS 4Q13

(RMB'm)	4Q14	4Q13	Change	Comments
Revenue	503.6	549.3	-8.3%	Revenue declined mainly due to delivery timing differences. A higher proportion of orders for second half of the year were delivered in 3Q14 instead of 4Q14. On full year basis, Group sales still up 24.7%. (refer to quarterly sales slide for seasonality impact)
Gross profit	283.9	325.8	-1.7%	Gross profit declined at a slower pace as Group GP margin in 4Q14 increased to 43.6% from 40.7% mainly due to positive shift in product mix
Distribution and selling expenses ("D&S")	(137.8)	(91.2)	+51.2%	Due to higher transportation costs and advertising & promotional ("A&P") costs
D&S expenses / revenue	27.4%	16.6%	10.8 ppt	Besides own branded fruit juices, the Group also incurred additional A&P costs for marketing own-branded snack food and canned food products
Finance Costs *	(55.0)	(28.3)	+94.2%	Mainly due to non-cash interest expense charges related to outstanding convertible bonds ("CBs") and interest paid to repurchase CBs in 4Q14
Changes in fair value of option derivatives in relation to convertible bonds	(34.9)	(3.3)	+947.6%	Non-cash adjustment related to CBs.
Profit attributable to equity holders	(64.0)	32.5	N.M	The loss incurred was mainly due to : (i) non-cash interest and fair value charges related to outstanding CBs (4Q14 : RMB66.7m) (ii) interest paid to repurchase partial CBs in 4Q14 (4Q14 : RMB18.4m) (iii) seasonality impact as higher proportion of orders were delivered in 3Q14 compared to 4Q14 (iv) higher D&S expenses



Revenue by Segment : FY2014 VS FY2013

(RMB'm)	FY2014	FY2013	Change
Beverage	1,876.7	1,382.3	+35.8%
Overseas canned Products*	635.2	689.5	-7.9%
Domestic canned Products**	307.5	189.2	+62.5%
Total	2,819.4	2,261.0	+24.7%

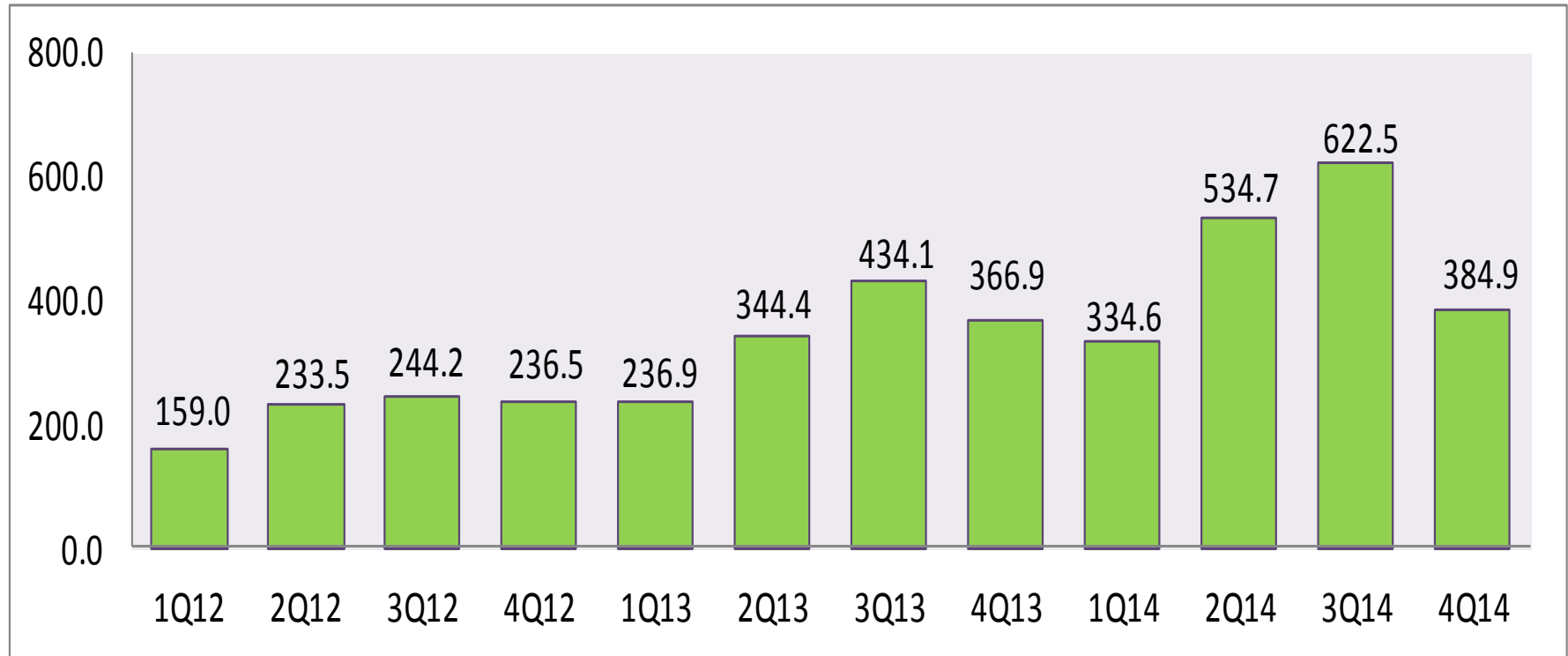
* Includes canned vegetables such as asparagus, long beans and mushrooms

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



Beverage quarterly sales

RMB million



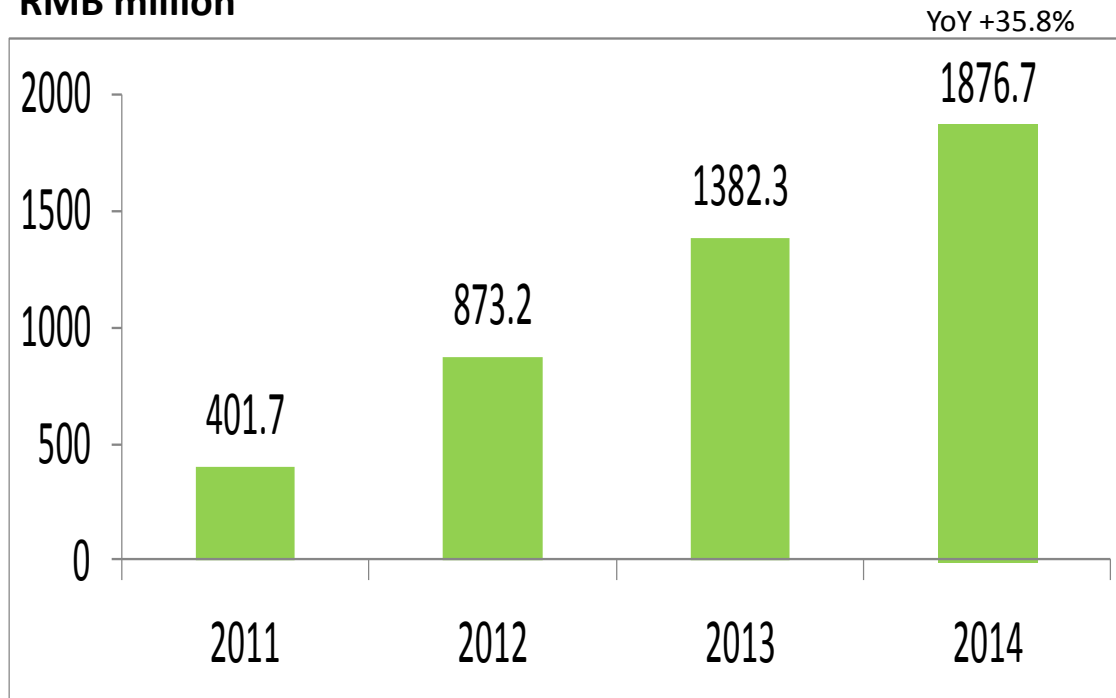
- Beverage sales tend to be higher in 2Q and 3Q after delivering orders which were secured at the largest F&B trade exhibition in Chengdu in late March each year.
- 4Q14 beverage sales grew 4.9% yoy as a bigger proportion of orders for second half of the year were delivered in 3Q14 with record quarterly sales of RMB622.5m.
- Sales in second half of 2014 ("2H14") were approximately RMB1,007.4m, up 25.8% from RMB801.0m in same period last year.



Beverage segment annual sales hit record high in FY2014

- Garden Fresh (鲜绿园®) juice sales growth remained strong due to positive response to new product launches and further expansion of distribution network.
- Sales hit record high in FY2014 rising 35.8% yoy to approximately RMB 1.88b
- About 75% of beverage sales comprised of loquat and loquat-blended juices in FY2014

RMB million



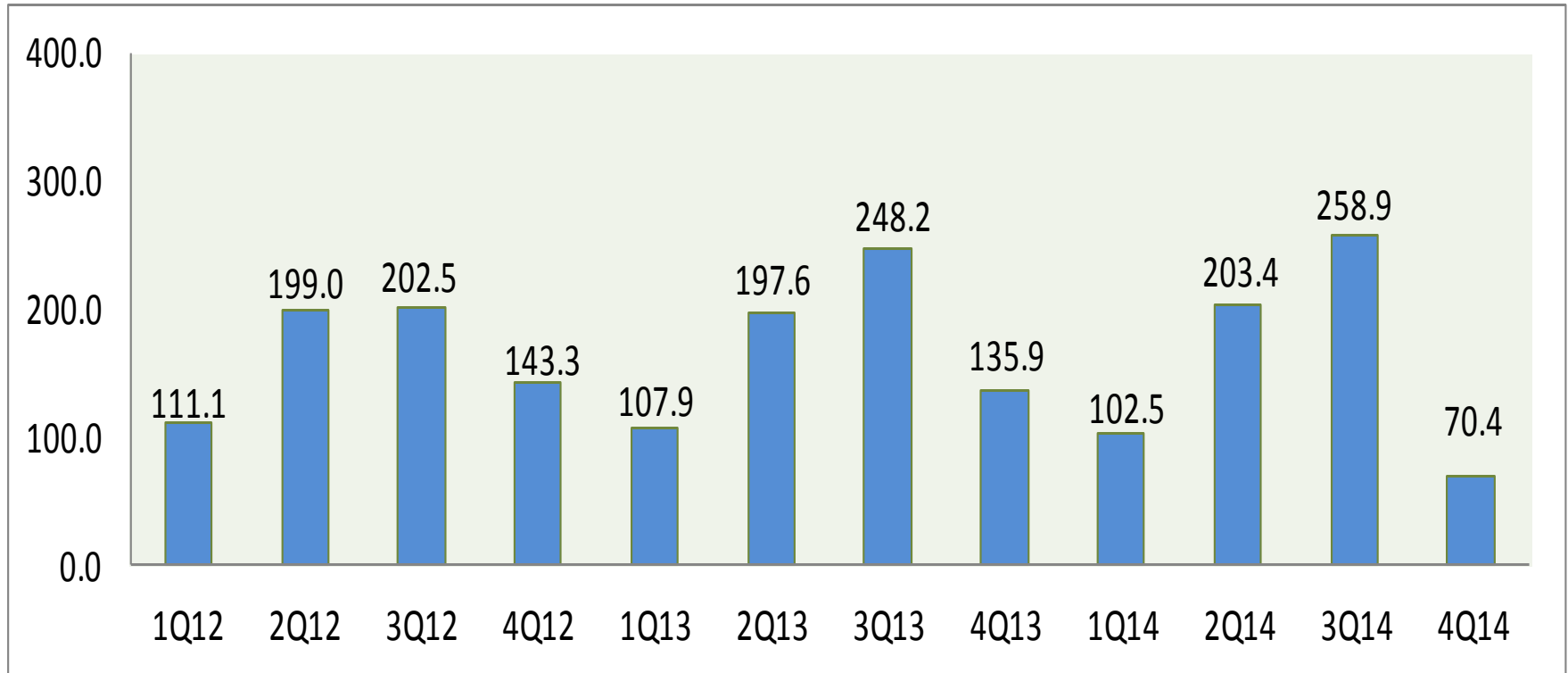
Beverage Segment Revenue





Overseas canned product quarterly sales

RMB million

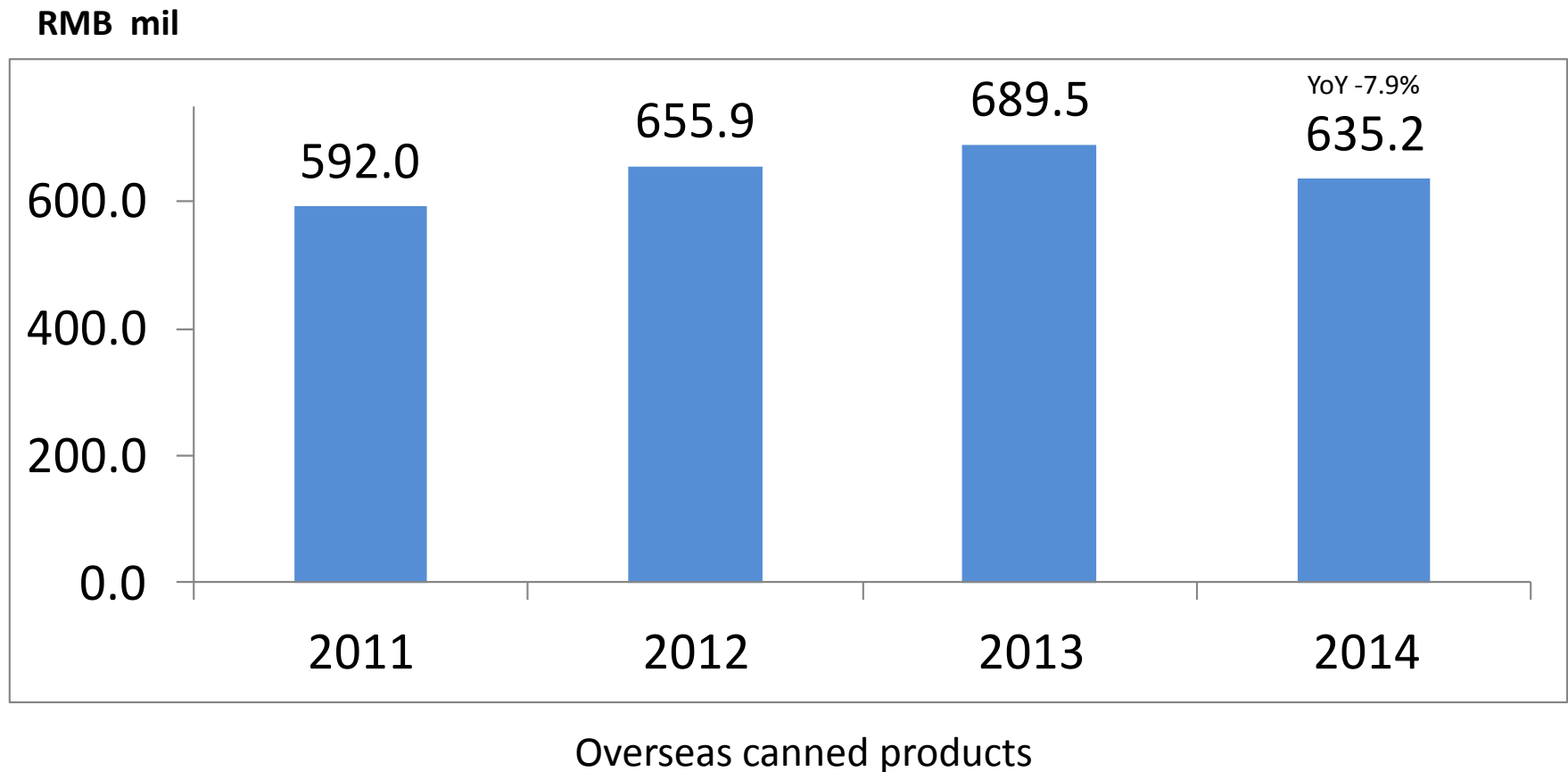


- Overseas canned product sales tend to be higher in 2Q and 3Q as orders are generally delivered to overseas customers before year end festival season.
- 4Q14 sales decreased year-on-year due to lower orders from overseas customers as a result of the sluggish economic conditions in Europe as well as higher proportion of orders for second half of the year being delivered in 3Q14.
- Sales for 2H14 were RMB329.3m, down 14.3% yoy from RMB384.1m.



Overseas canned products annual sales

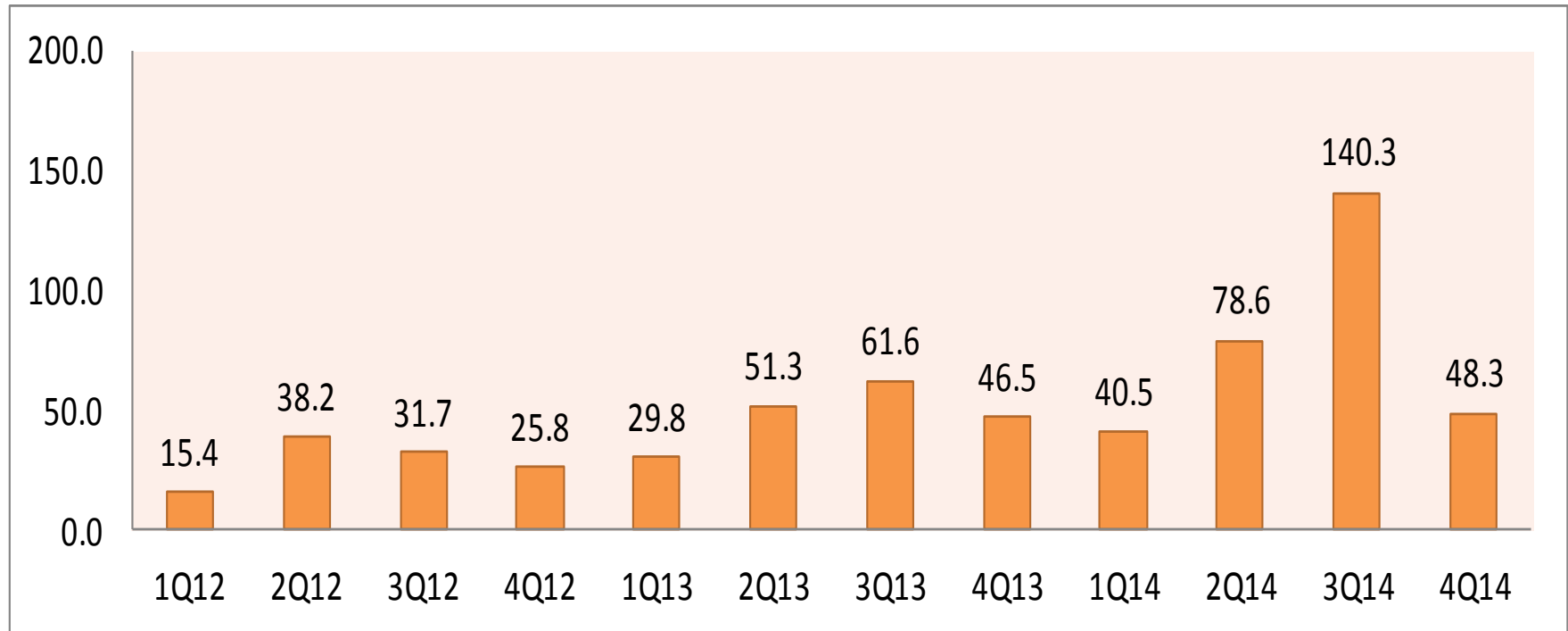
- Overseas canned products sales declined by 7.9% yoy to RMB 635.2m
- Overall sales remained relatively stable over past 4 years as our products are mainly sold across some of the largest discount stores and supermarkets in Europe





Domestic canned product quarterly sales

RMB mil

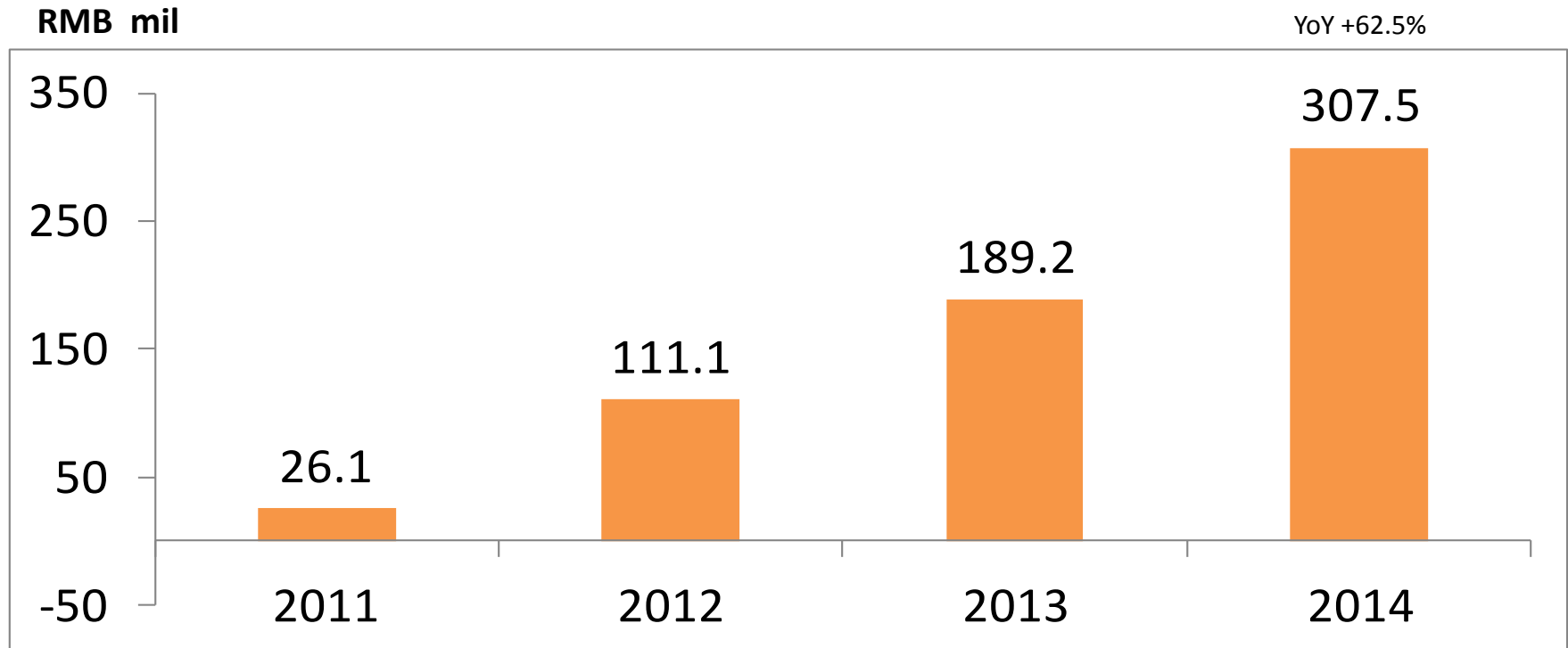


- Domestic canned product sales tend to be higher in 2Q and 3Q after delivering orders which were secured at the largest F&B trade exhibition in Chengdu in late March each year.
- A bigger proportion of orders for second half of the year were delivered in 3Q14 with record quarterly sales of RMB140.3m.
- Sales in 2H14 were RMB188.5m, up 74.4% from RMB108.1m in same period last year



Domestic canned products annual sales hit record high in FY2014

- Domestic canned food products sales surged 62.5% yoy to RMB 307.5m
- Growth driven by expansion of product range and distribution network
- Included first year snack food sales of about RMB12.8m in FY2014



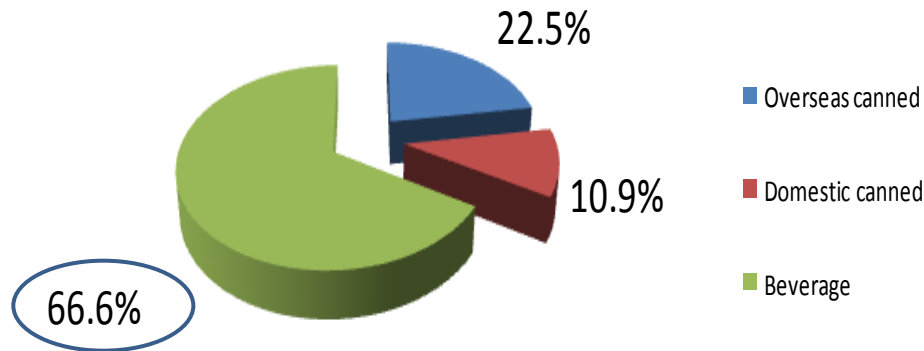
Domestic canned products



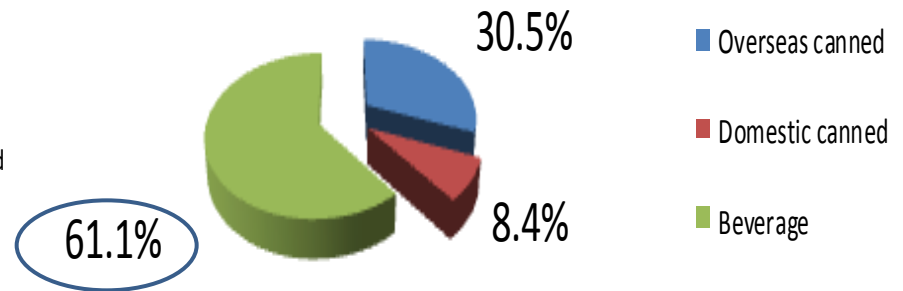
Increasing contribution from own-branded products

- Beverage segment (which consists Garden Fresh juices) is the largest contributor to Group revenue, rising to 66.6% in FY2014 from 61.1% in FY2013
- Domestic canned products (which consists Grandness canned fruits) also reported higher contribution to Group revenue, rising to 10.9% in FY2014 from 8.4% in FY2013

FY2014 Product Mix



FY2013 Product Mix

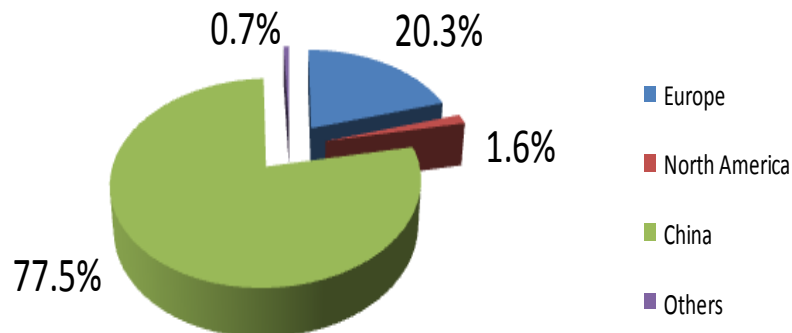




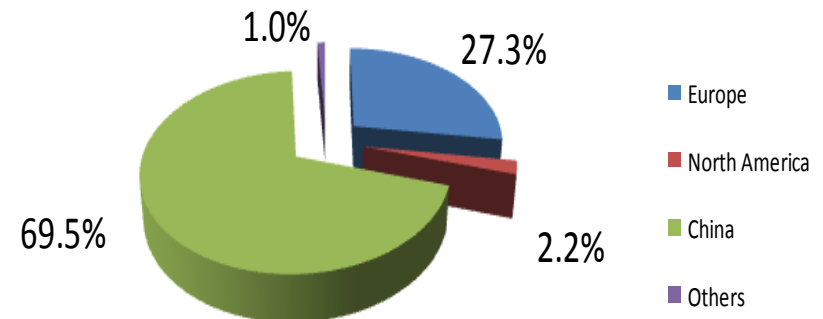
Increasing contribution from China market

- In FY2014, China markets sales increased further to 77.5% of Group sales from 69.5% due to stronger sales from beverage and domestic canned products while Europe remains the second largest market, declining to 20.3% in FY2014 from 27.3% in FY2013

FY2014 Geographical Mix



FY2013 Geographical Mix



*North America relates mainly to Mexico

**Others relate mainly to Singapore, Australia, Turkey



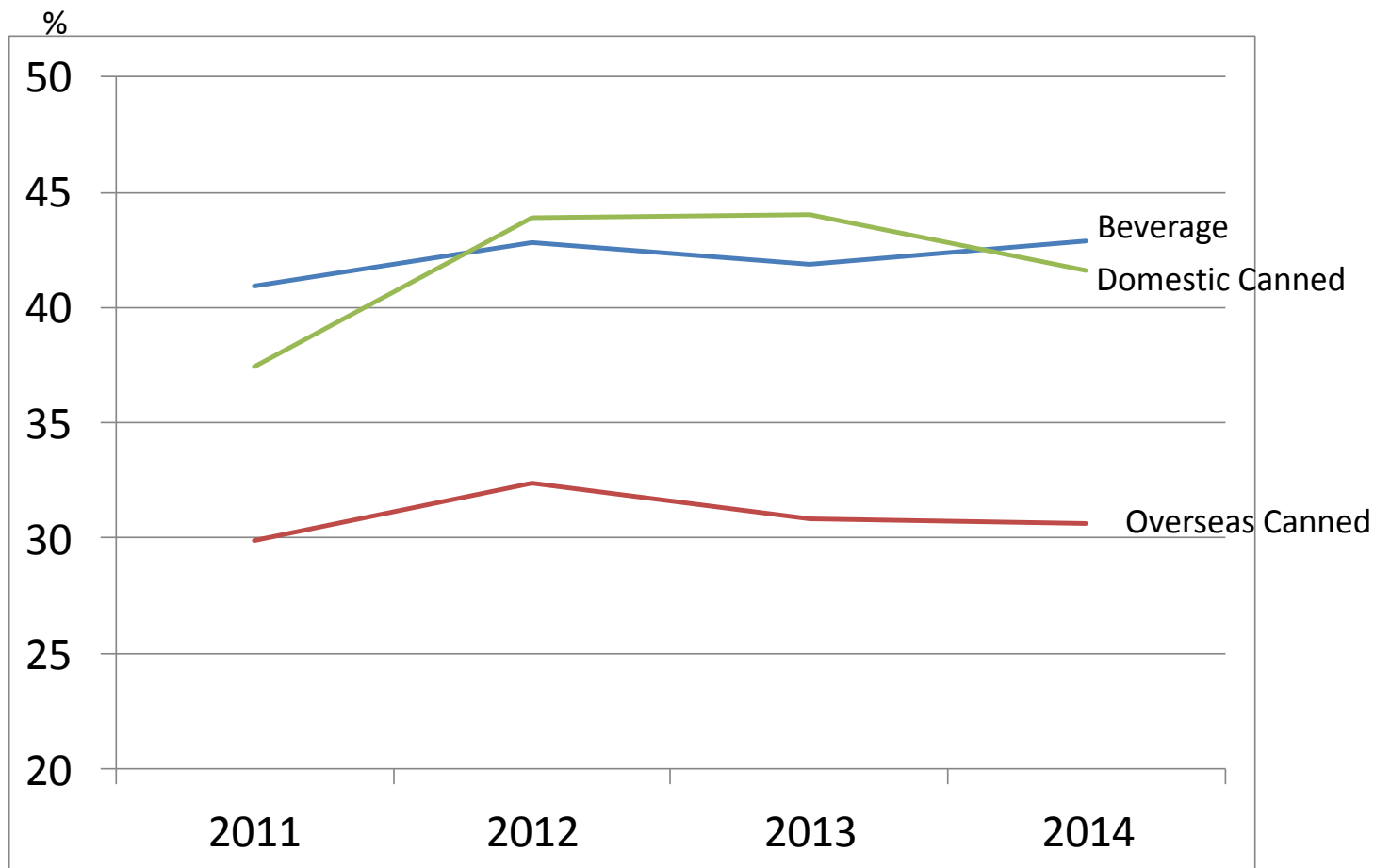
Gross Margin Analysis :

- Group gross profit margin (GPM) rose to 40.0% in FY2014 from 38.7% in FY2013 due to : (i) improvement in beverage segment profit margin to 42.9% from 41.9% (ii) positive shift in product mix with higher profit contribution from own-branded segments

	FY2014 Gross profit RMB mil	FY2013 Gross profit RMB mil	Gross profit Change	FY2014 GPM	FY2013 GPM
Beverage	805.7	579.5	+39.1%	42.9%	41.9%
Overseas canned products	194.1	212.3	-8.6%	30.6%	30.8%
Domestic canned products	128.0	83.3	+53.7%	41.6%	44.0%
Group	1,127.9	875.1	+28.9%	40.0%	38.7%



Gross Margin Analysis





Balance Sheet

(RMB'm)	As at 31 Dec 2014	As at 31 Dec 2013	Comments
Current assets	1,684.5	1,058.8	Higher trade receivables reflecting an increase in business activities and increase in receivable turnover days. Cash and bank balance also improved to RMB223.6m from RMB91.3 due to the completion of placement in 4Q14 and positive cash flows generated from operating activities
Non-Current assets	944.0	794.9	Mainly due to capital expenditure at Hubei and Anhui plants
Current liabilities	1,042.8	657.2	Mainly due to CB adjustment, bank borrowings and higher payables
Non-Current liabilities	20.2	20.2	
Net assets	1,575.5	1,176.3	
NAV per share (RMB cents)*	233.9	174.7	
NAV per share (SGD cents)^	50.3	37.6	

*Based on share capital of 673,344,828

^Based on exchange rate S\$1.00 = RMB4.65



Recent Developments





Update on recent developments and business operations

Section 1: New Hubei Plant and Anhui Plant

Section 2: Successfully concluded Chongqing Trade Exhibition in Oct 2014

Section 3: Ongoing expansion of distribution network

Section 4: Appointment of Honorary Chairman and new director



Production Facilities in China

Hubei Plant
Ramping up juice
production in Oct 2014



Shanxi plant



Shandong plant

Sichuan plant



**Anhui new plant in
Guzhen, Anhui Province.
Construction in progress**





New milestone : Hubei Plant officially commenced operations in Oct 2014

- In 2Q14, installation and production trial run at the new juice factory in Hubei Province, PRC (“Hubei Plant”) has been completed.
- 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 has a maximum production capacity of approximately 240,000 tons of juice per annum.



New Hubei Plant





New Hubei Plant



New Anhui plant - construction in progress



New Anhui plant – construction in progress





New Anhui plant – construction in progress





New Anhui plant – construction in progress





Update on recent developments and business operations

Section 1: New Hubei Plant officially commenced operations in Oct 2014

Section 2: Successfully concluded Chongqing Trade Exhibition in Oct 2014, next up Chengdu Trade Exhibition Mar2015

Section 3: Ongoing expansion of distribution network

Section 4: Appointment of Honorary Chairman and new director



Successfully concluded Chongqing Trade Exhibition in Oct 2014

- Secured approximately RMB300 million of 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”)





Successfully concluded Chongqing Trade Exhibition in Oct 2014





Successfully concluded Chongqing Trade Exhibition in Oct 2014





Successfully concluded Chongqing Trade Exhibition in Oct 2014





Successfully concluded Chongqing Trade Exhibition in Oct 2014





Upcoming F&B Trade Exhibition in Chengdu, Sichuan Province in March 2015

- In the upcoming trade exhibition in Chengdu, Sichuan Province in late March 2015, management plans to introduce new products for snack food and also new juices eg loquat kumquat juice





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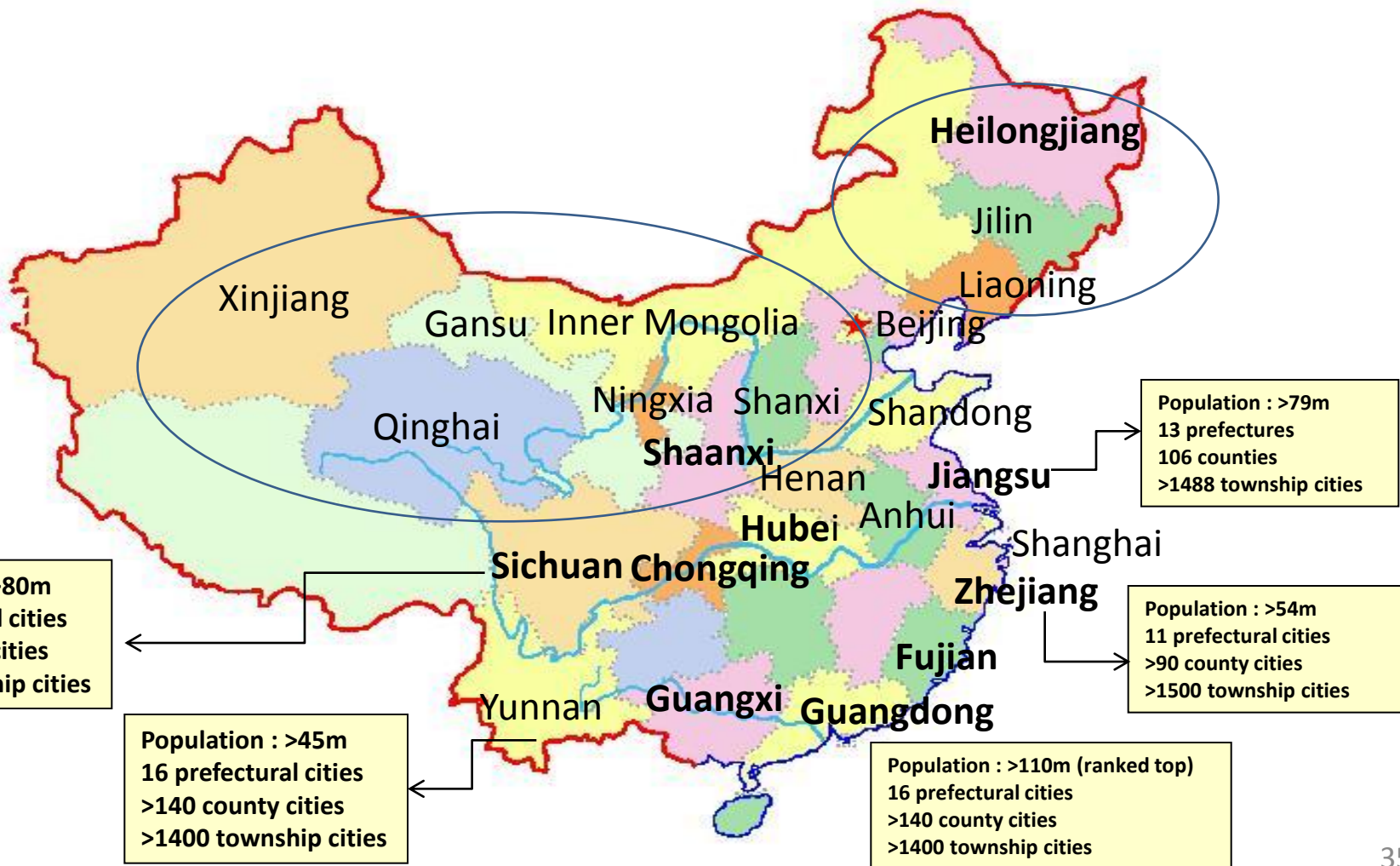
Section 3: Ongoing expansion of distribution network

Section 4: Appointment of Honorary Chairman and new director



Huge Growth Potential in China : Horizontal and Vertical Expansion

Product presence expanded to more than 20 provinces



Rapid Expansion of Retail Points



Vanguard Channel



Century Mart Channel



Ren Ren Le Channel



New channels for Beverage Segment

- **Successfully rolled out new loquat juices to various retail points**
- **Added 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



Rapid Expansion of Retail Points

Vending Machines





Rapid Expansion of Retail Points

Traditional Channel



F&B Channel



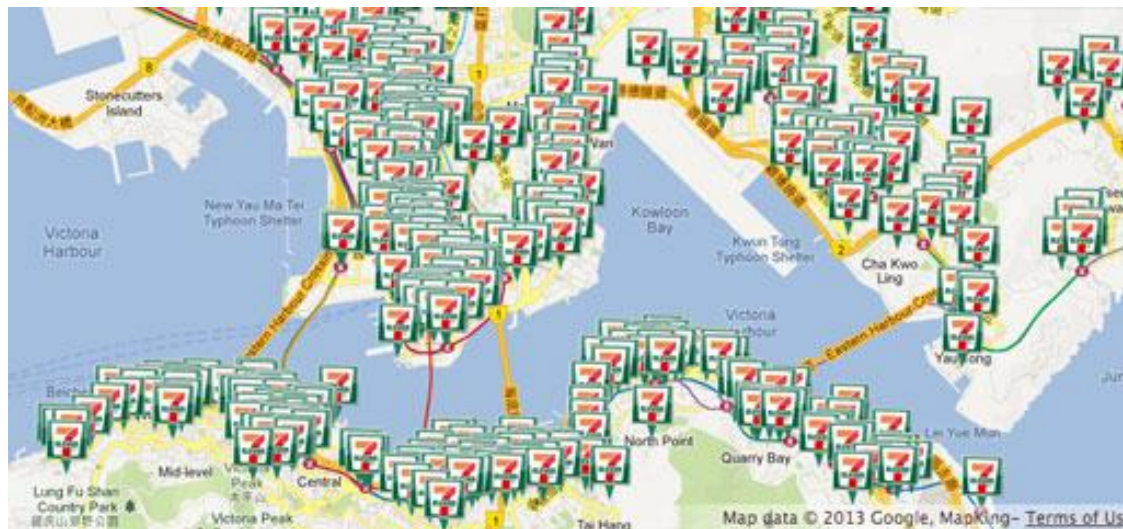
Steady expansion of distributor base and markets

- 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.



Steady expansion of distributor base and markets

- The Group target to roll out Garden Fresh to other leading convenience stores within the next two months such as 7-eleven in order to increase brand awareness further of Garden Fresh in Hong Kong. (there are >900 **7-Eleven** stores in Hong Kong)
- Apart from Hong Kong, management is also exploring expansion into other new markets in South East Asia





Grandness Canned Fruits Distribution Points

- Sales of Grandness canned fruits have grown rapidly in FY14 as a results of expansion of product range and distribution network within the PRC market
- Product range consists of various fruits such as yellow peach, pear, mixed fruits, strawberry, grapes, mandarin oranges and pineapple
- Products are mainly sold in various supermarkets and convenience stores



上海大宁大润发



江苏苏州东环大润发



Online marketing for canned food and snack food on taobao.com



振鹏达无添加蔓越莓干零食果干小红莓果烘焙糕点办公室休闲小吃



振鹏达蓝莓干野生无添加蜜饯果脯枣梅罐装有机原味零食特产包邮



好田园休闲零食陈皮话梅蜜饯果干35克年货零食话梅肉话梅类零食



巴西松子新货罐装原味手剥松子包邮比野生坚果零食东北松子开口好



东北松子野生特级手剥原味振鹏达新货开口罐装松子休闲零食坚果



振鹏达新货东北特产野生榛子孕妇休闲办公室零食坚果炒货年货批发



好田园过年零食梅子情人梅35g广式蜜饯老婆梅零食果干比珍珠梅好



好田园好吃的零食 蜜饯果脯 鲜引力即食柠檬片 柠檬干水果干



好田园橄榄 蜜饯橄榄果干零食特产休闲小吃食品清香橄榄好吃的



振鹏达罐头山楂罐食品户外高能食品休闲零食酸甜包248g包邮

¥5.00 已售: 0件



振鹏达罐头水果罐 糖水荔枝罐头256g*12罐装整箱罐食品 包邮

¥6.60 已售: 0件



振鹏达什锦罐头 出口韩国新鲜糖水水果大果肉混合罐头批发

¥9.90 已售: 0件



好田园零食干果蜜饯柠檬干好吃的柠檬片 35g装即食柠檬片



好田园乌酸梅特产零食比新疆梅子好吃乌梅干果脯蜜饯休闲零食



振鹏达罐头 新鲜水果 葡萄罐食品储物罐 248g整箱12罐装包邮

¥5.00 已售: 0件



振鹏达黄桃罐头 出口韩国新鲜糖水水果大果肉对开罐头批发特包邮

¥24.90 已售: 0件



振鹏达橘子罐头糖水橘子新鲜水果桔片爽罐头 橘片橘子玻璃瓶包邮

¥9.90 已售: 0件



Online marketing for canned food and snack food on taobao.com



牛肉干包邮内蒙古风干牛肉干原味手撕牛肉干休闲食品零食小吃特产



振鹏达牛肉干内蒙古风干正宗手撕牛肉干零食原味牛肉特产小吃包邮



振鹏达香酥紫薯福建特产创意小吃农家纯天然红心薯条休闲果干零食





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Appointment of Honorary Chairman – Mr Prayudh Mahagitsiri

- January 2015, Sino Grandness announced appointment of Mr Prayudh Mahagitsiri as Honorary Chairman of the Company
- Mr Prayudh Mahagitsiri, also known as the **Coffee King of Thailand** is the Chairman of PM Group and also the Honorary Chairman of Thailand listed TTA.
- The flagship company of the PM Group, **Quality Coffee Products Co., Ltd.** was established in 1989, under partnership with **Nestle S.A.**, Switzerland, as the **sole producer** of their world-famous instant coffee in Thailand – **Nescafé**



Appointment of Non-executive director : Mr Chalermchai Mahagitsiri

- February 2015, Sino Grandness announced appointment of Mr Chalermchai Mahagitsiri as Non-executive director of the Company
- Mr Chalermchai Mahagitsiri is the son of Mr. Prayudh Mahagitsiri.
- He holds senior positions in various companies including as President & CEO of TTA, Chairman of PM Group, CEO of Mermaid Maritime Public Company Limited



Thank You
www.grandnessgroups.com

