



**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 3Q14 NET PROFIT UP 30.0% TO RECORD HIGH OF RMB218.5 MILLION ON HIGHERS ORDERS ACROSS THE BOARD**

- 9M14 net profit rose 31.2% to RMB448.3m, exceeding 2013 full year net profit of RMB401.1m
- 3Q14 beverage segment sales up 43.4% to RMB622.5m on strong orders for Garden Fresh juices
- 3Q14 domestic canned food products sales surged 127.7% to RMB140.3m on higher orders for Grandness canned fruits
- Ramping up new beverage production facilities in Hubei Province PRC (which has a maximum annual capacity of 240,000 tons) from October 2014
- Successfully concluded Chongqing Trade Exhibition in October 2014 with approximately RMB300m indicative orders secured

Financial Highlights	3Q14	3Q13	3Q14 VS 3Q13	9M14	9M13	9M14 VS 9M13
RMB (million)						
Revenue	1,021.7	743.9	+37.3%	2,315.8	1,711.7	+35.3%
Gross profit	401.4	290.0	+38.4%	908.2	651.6	+39.4%
Gross profit margin	39.3%	39.0%	+0.3ppt	39.2%	38.1%	+1.1ppt
Net profit attributable to shareholders	218.5	168.1	+30.0%	448.3	341.7	+31.2%

**SINGAPORE – 14 November 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”) (SGX: T4B.SI), a Shenzhen PRC based integrated manufacturer and distributor of bottled juices and canned fruits and vegetables today reported a positive set of results for the third quarter ended 30 September 2014 (“3Q14”) and first nine months ended 30 September 2014 (“9M14”).

As a result of higher orders across the board, especially that of own-branded products such as 鲜绿园® (“Garden Fresh”) juices from its beverage segment and 振鹏达® (“Grandness”) canned fruits from domestic canned products segment, net profit attributable to equity holders increased by 31.2% to RMB448.3 million in 9M14 compared to RMB341.7 million in the first nine months last year (“9M13”). On a quarterly basis, net profit attributable to shareholders in 3Q14 increased by 30.0% to a

record high of RMB218.5 million from RMB168.1 million in the same period a year ago (“3Q13”).

Mr Huang Yupeng 黄育鹏, Chairman and CEO of Sino Grandness said, “I am extremely pleased to report a positive set of results which reflected sustained growth momentum across all business segments and with first nine months net profit of RMB448.3 million exceeding 2013 full year net profit of RMB401.1 million. Our own-branded product segments continued to deliver exceptional growth, with beverages sales rising 43.4% to RMB622.5 million and domestic canned products sales surging 127.7% to RMB140.3 million respectively in 3Q14, largely driven by further expansion of our distribution network within the PRC market. At the same time, positive macro factors in the PRC market such as increased health awareness, growing demand for convenience food and beverage products and rising disposable income continued to underpin demand for our products as well.”

### Expanding distribution network and production capacity further

“Going forward, apart from on-going efforts to grow our distribution network within the mainland China market, we will also put in efforts to grow our presence in overseas markets such as the recent announcement of Garden Fresh juices being rolled out into *wellcome* stores in Hong Kong, which is one of the largest supermarket chains in Hong Kong with more than 200 retail points. Although the markets abroad may be relatively smaller compared to mainland China, I believe the presence of our products in overseas reputable sales channels would greatly enhance our brand image and consumer confidence in our products within China. In the last 3 months of 2014, we also look forward to the ramping up of our new beverage production facilities in Hubei Province PRC (which has a maximum annual capacity of 240,000 tons) from October 2014 onwards after securing all relevant permits and approvals in September 2014,” Mr Huang added.

### Higher orders across the board

Revenue analysis by segments:

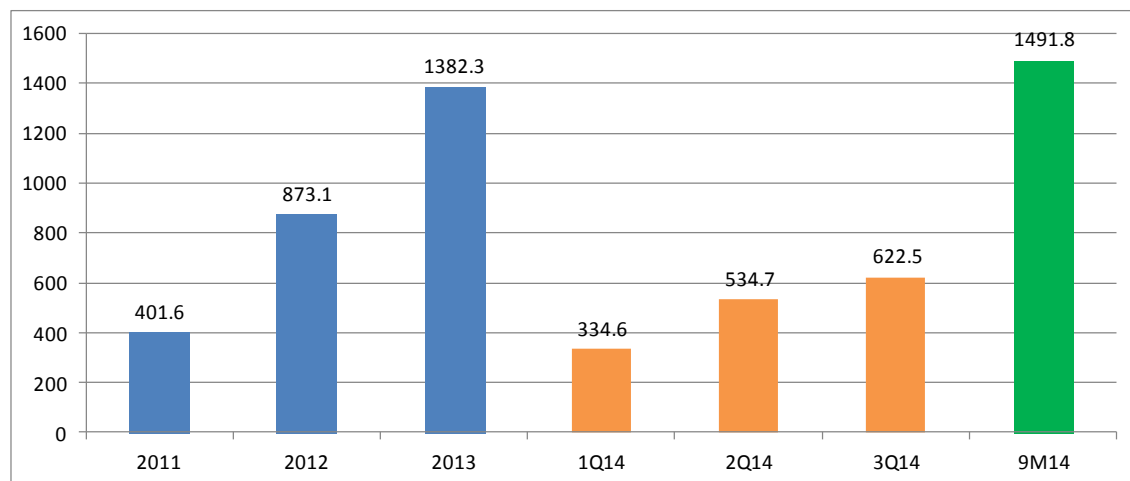
	3Q			9 months (9M)		
	Jul –Sept 2014	Jul – Sept 2013	Change	Jan – Sept 2014	Jan – Sept 2013	Change
Product segment	RMB'000	RMB'000	%	RMB'000	RMB'000	%
<b>Canned products</b>						
- overseas	258,892	248,173	4.3	564,733	553,642	2.0
- domestic	140,254	61,602	127.7	259,278	142,710	81.7
<b>Beverage</b>	622,548	434,133	43.4	1,491,829	1,015,391	46.9
<b>Total</b>	1,021,694	743,908	37.3	2,315,840	1,711,743	35.3

In 9M14, revenue of the Group increased by 35.3% or approximately RMB604.1 million to RMB2,315.8 million in 9M14 from RMB1,711.7 million in 9M13. The increase was attributable to higher sales for all product segments. Sales of beverage segment which comprised Garden Fresh juices rose 46.9% to RMB1,491.8 million in 9M14 from RMB1,015.4 million in 9M13 due to further expansion of distribution network in the PRC market. Sales of domestic canned products which comprised mainly Grandness

canned fruits surged 81.7% to RMB259.3 million in 9M14 from RMB142.7 million in 9M13 while sales of overseas canned products rose marginally by 2.0% to RMB564.7 million in 9M14 from RMB553.6 million in 9M13. The increase in sales of domestic canned food products was mainly due to expansion of distribution network while the increase in sales of overseas canned products was mainly due to increased production capacities and higher orders from major overseas customers.

### Garden Fresh Juices Growth Momentum Continued Into 3Q14 and 9M14

Garden Fresh juice sales in RMB million



In 3Q14, sales of beverage segment which comprised Garden Fresh bottled juices surged 43.4% to quarterly high of RMB622.5 million from RMB434.1 million in 3Q13 due to strong demand for the expanded range of juices including loquat and mixed loquat juices and further expansion of distribution network in the PRC market. The strong performance reflected the successful outcome of participation at the trade exhibition held in late March 2014 in Chengdu, Sichuan Province, PRC with approximately RMB390 million of indicative orders being secured.

### Gross Profit Margin

In 9M14, the Group's gross profit increased by 39.4% to RMB908.2 million from RMB651.6 million in 9M13. Overall gross profit margin ("GPM") for the Group in 9M14 improved to 39.2% from 38.1% in 9M13. The improvement in GPM for the Group was mainly due to improvement in GPM for beverage segment partially offset by a marginal decrease in GPM for overseas canned products segment. The increase in GPM for beverage segment was largely due to lower cost of raw materials while the lower GPM for overseas canned products segment was largely due to higher cost of raw materials.

## **Outlook**

Chinese consumers, as a result of 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. As such, the Group remains optimistic about the growth prospects of its own-branded products including 鲜绿园® (“Garden Fresh”) juices and 振鹏达® (“Grandness”) canned fruits.

To capitalize on the potential growth opportunities ahead for Garden Fresh juices, 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.

During a business update released on 23 October 2014, the Group announced that the new juice production facilities in Hubei Province, PRC (“Hubei Plant”) has secured all the relevant permits and approvals in September 2014 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.

The Group also reported that it has successfully secured encouraging indicative orders amounting to approximately RMB300 million and engaged new distributors after participation at the trade exhibition and trade fair held in Chongqing, PRC between 7<sup>th</sup> and 15<sup>th</sup> October 2014 (“Chongqing Trade Exhibition”).

Barring unforeseen circumstances, the Group remains optimistic about its operating performance for the remaining 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 bottled 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 serves globally renowned customers across Europe, North America and Asia, such as Lidl, Rewe, Carrefour, Walmart, Huedepen, Coles 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 production of juices in late 2013.

In 2010, the Group successfully launched its own-branded juices, 鲜绿园® ("Garden Fresh"), comprising mixed-fruit juice and vegetable-fruit juice to target the huge domestic consumer base in the PRC.

In recognition of the Group's R&D efforts, 鲜绿园 juices have been accorded the "Innovative, Outstanding and Nutritious Award" by the PRC Food Industry in 2010. As a percentage to Group revenue, sales from the PRC market have surged from 4.8% in FY2008 to 41.9% in FY2011 due to strong sales growth of the own-branded bottled juices.

*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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