



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

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THIRD QUARTER PERIOD ENDED 30 SEPTEMBER 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 comparative statement for the corresponding period of the immediately preceding financial year**

	3Q			9-months (9M)		
	Jul – Sept	Jul – Sept	Change	Jan – Sept	Jan – Sept	Change
	2015	2014		2015	2014	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	949,596	1,030,510	(7.9)	2,456,574	2,315,840	6.1
Cost of sales	(564,291)	(620,332)	(9.0)	(1,446,091)	(1,407,670)	2.7
Gross profit	385,305	410,178	(6.1)	1,010,483	908,170	11.3
Other operating income	20,782	(2,550)	N.M.	29,798	8,667	243.8
Distribution and selling expenses	(190,866)	(102,619)	86.0	(364,568)	(240,933)	51.3
Administrative expenses	(31,131)	(10,856)	186.8	(88,960)	(55,121)	61.4
Other operating expenses	-	(26)	(100.0)	-	(90)	(100.0)
Finance costs	187,119	(22,714)	N.M.	17,898	(84,083)	(121.3)
Profit before income tax and changes in fair value of the option derivatives in relation to convertible bonds	371,209	271,413	36.8	604,651	536,610	12.7
Changes in fair value of the option derivatives in relation to convertible bonds	(244,375)	(15,141)	N.M.	(136,798)	(68,447)	99.9
Profit before income tax	126,834	256,272	(50.5)	467,853	468,163	N.M.
Taxation	(50,144)	(70,334)	(28.7)	(157,274)	(156,147)	0.7
Net profit for the period	76,690	185,938	(58.8)	310,579	312,016	(0.5)
Other comprehensive income	-	-		-	-	
Total comprehensive income for the period	76,690	185,938	(58.8)	310,579	312,016	(0.5)

Profit for the period attributable to:

Equity holders of the parent	76,854	186,118	311,179	312,472
Non-controlling interests	(164)	(180)	(600)	(456)
	<u>76,690</u>	<u>185,938</u>	<u>310,579</u>	<u>312,016</u>

Total comprehensive income for the period attributable to:

Equity holders of the parent	76,854	186,118	311,179	312,472
Non-controlling interests	(164)	(180)	(600)	(456)
	<u>76,690</u>	<u>185,938</u>	<u>310,579</u>	<u>312,016</u>

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

	3Q			9-months (9M)		
	Jul – Sept 2015	Jul – Sept 2014	Change	Jan – Sept 2015	Jan – Sept 2014	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Depreciation	(11,885)	(9,566)	24.2	(43,380)	(26,843)	61.6
Amortisation						
- land use rights	(620)	(293)	111.6	(1,799)	(880)	104.4
- subsidy	-	(34)	(100.0)	-	(101)	(100.0)
Net exchange gain (Note 1)	10,729	2,170	394.4	12,577	4,025	212.5
Share-based payment expenses under ESOS scheme (Note 2)	(5,192)	(2,580)	101.2	(10,351)	(7,739)	33.7

Other Operating Income

Government grants	-	-	-	4	1,707	(99.8)
Interest income- banks	459	206	122.8	1,342	848	58.3
Exchange gain/(loss)	17,921	(3,082)	N.M.	25,859	5,493	370.8
Others	2,402	326	N.M.	2,593	619	318.9
Total	20,782	(2,550)	N.M.	29,798	8,667	243.8

N.M. – Not meaningful

Note 1 :-

The net exchange gain in 9M2015 and 9M2014 were mainly attributable to the revision of translation rate due to appreciation of Renminbi against USD during the period under review.

Note 2 :-

In April 2015, the Company issued new ESOS options to staff and directors to replace the original ESOS options with a reduction in the option exercise price and an additional vesting period of 1 year from grant date. Notwithstanding the replacement, the share based payment expenses based on the original ESOS grant continues to be amortized over its original vesting period as there is no incremental change in fair value arising from the replacement ESOS.

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 Sept 15	31 Dec 14	30 Sept 15	31 Dec 14
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	927,611	828,492	12	17
Land use rights	112,063	113,862	-	-
Subsidiaries	-	-	90,935	50,935
Amount owing by subsidiaries	-	-	262,750	174,673
Deferred tax assets	1,678	1,678	-	-
Total non-current assets	1,041,352	944,032	353,697	225,625
Current assets				
Inventories	99,710	50,743	-	-
Trade receivables	1,042,735	1,110,207	-	-
Other receivables	710,037	317,139	-	55
Cash and cash equivalents	319,916	223,572	5,671	161,543
Total current assets	2,172,398	1,701,661	5,671	161,598
Current liabilities				
Trade payables	41,230	136,951	-	-
Other payables	183,599	31,798	10,707	16,362
Note payables	56,000	62,250	-	-
Current tax payable	46,010	21,534	-	-
Bank borrowings	120,000	59,200	-	-
Convertible bonds	834,097	722,076	-	-
Total current liabilities	1,280,936	1,033,809	10,707	16,362
Net current assets/(liabilities)	891,462	667,852	(5,036)	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	1,912,573	1,591,643	328,420	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)	1,299,624	1,035,167	(133,410)	(100,859)
Other reserves	169,353	112,280	20,882	10,531
Total shareholder's funds	1,909,925	1,588,395	328,420	350,620
Non-controlling interests	2,648	3,248	-	-
Total equity	1,912,573	1,591,643	328,420	350,620

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

	<u>30 Sept 2015</u>	<u>31 Dec 2014</u>
	RMB'000	RMB'000
Amount repayable in one year or less or on demand		
Secured	120,000	59,200
Unsecured	834,097	722,076
	<u>954,097</u>	<u>781,276</u>
Amount repayable after one year		
Secured	-	-
Unsecured	-	-
	<u>-</u>	<u>-</u>
	<u>954,097</u>	<u>781,276</u>

Details of collaterals:-

(1) 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

	<u>3Q</u>		<u>9-months (9M)</u>	
	Jul – Sept 2015	Jul – Sept 2014	Jan – Sept 2015	Jan – Sept 2014
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities:				
Profit before income tax	126,834	256,272	467,853	468,163
Adjustments for:				
Depreciation of property, plant and equipment	11,885	9,566	43,380	26,843
Fair value of the option derivatives in relation to the convertible bonds	244,375	15,141	136,798	68,447
Amortisation of land use rights	620	293	1,799	880
Amortisation of subsidy	-	34	-	101
Share-based payment expenses under ESOS scheme	5,192	2,580	10,351	7,739
Interest expenses	(187,119)	22,714	(17,898)	84,083
Interest income	(459)	(206)	(1,342)	(848)
Operating cash flows before working capital changes	<u>201,328</u>	<u>306,394</u>	<u>640,941</u>	<u>655,408</u>
Decrease/(increase) in deposits pledged with banks	4,500	(7,085)	33,638	(835)
Decrease/(increase) in inventories	70,270	151,359	(48,967)	(5,780)
Increase in operating receivables	(101,729)	(366,416)	(325,426)	(527,781)
Increase/(decrease) in operating				

	3Q		9-months (9M)	
	Jul – Sept 2015	Jul – Sept 2014	Jan – Sept 2015	Jan – Sept 2014
	RMB'000	RMB'000	RMB'000	RMB'000
payables	13,866	(6,960)	49,830	55,552
Cash generated from operations	188,235	77,292	350,016	176,564
Income tax paid	(84,847)	(55,176)	(132,798)	(112,068)
Interest paid	(1,132)	(14,358)	(6,879)	(16,710)
Net cash generated from operating activities	<u>102,256</u>	<u>7,758</u>	<u>210,339</u>	<u>47,786</u>
Cash flows from investing activities:				
Acquisition of property, plant and equipment	(112,870)	(3,679)	(142,499)	(79,214)
Interest received	459	206	1,342	848
Net cash used in investing activities	<u>(112,411)</u>	<u>(3,473)</u>	<u>(141,157)</u>	<u>(78,366)</u>
Cash flows from financing activities:				
Bank loans obtained	15,000	48,358	125,000	63,358
Bank loans repaid	(4,400)	(8,000)	(64,200)	(13,000)
Net cash generated from financing activities	<u>10,600</u>	<u>40,358</u>	<u>60,800</u>	<u>50,358</u>
Net (decrease)/increase in cash and cash equivalents	445	44,643	129,982	19,778
Cash and cash equivalents at beginning of period	<u>303,971</u>	<u>57,154</u>	<u>174,434</u>	<u>82,019</u>
Cash and cash equivalent at end of period	<u>304,416</u>	<u>101,797</u>	<u>304,416</u>	<u>101,797</u>
Cash and cash equivalents comprise:				
Cash and bank balances	304,416	101,797	304,416	101,797
Fixed deposits	15,500	10,145	15,500	10,145
	<u>319,916</u>	<u>111,942</u>	<u>319,916</u>	<u>111,942</u>
Less Fixed deposits pledged	(15,500)	(10,145)	(15,500)	(10,145)
	<u>304,416</u>	<u>101,797</u>	<u>304,416</u>	<u>101,797</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
<u>Group</u>								
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	-	311,179	-	-	-	311,179	(600)	310,579
Share-based payment expenses under ESOS scheme	-	-	10,351	-	-	10,351	-	10,351
Transfer to statutory reserve	-	(46,722)	-	-	46,722	-	-	-
Balance at 30 September 2015	440,948	1,299,624	20,882	(31,413)	179,884	1,909,925	2,648	1,912,573

	Share capital	Accumulated losses	Share option reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Company</u>				
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 losses 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	-	-	10,351	10,351
Loss for the period representing total comprehensive losses for the period	-	(32,551)	-	(32,551)
Balance at 30 September 2015	440,948	(133,410)	20,882	328,420

- 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 September 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 Sept 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 September 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 up 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 new or 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).**

Earning per share (EPS)	3Q		9-months (9M)	
	Jul – Sept 2015	July – Sept 2014	Jan – Sept 2015	Jan – Sept 2014
EPS based on average number of ordinary shares (RMB cents)	11.4	31.7	46.2	53.2
EPS on a fully diluted basis (in RMB cents)	11.4	31.6	46.0	53.0
Weighted average number of ordinary shares ('000)	673,345	587,345	673,345	587,345
Weighted average number of ordinary shares – diluted ('000)	676,203	589,542	676,203	589,542

Basic earnings per share for 3Q2015 and 9M2015 are calculated based on the Group profit after taxation of RMB 76,854,000 and RMB 311,179,000 respectively on actual number of ordinary shares issued of 673,344,828.

For Comparative purpose, the basic earning per shares for 3Q2014 and 9M2014 were calculated based on the Group profit after taxation of RMB 186,118,000 and RMB 312,472,000 respectively on actual number of ordinary shares issued of 587,344,828.

The fully diluted earnings per share for 3Q2015 and 9M2015 were calculated based on the Group profit after taxation of RMB 76,854,000 and RMB 311,179,000 respectively on actual number of ordinary shares of 676,203,066 after adjusting for the outstanding options under ESOS scheme.

The fully diluted earnings per share for 3Q2014 and 9M2014 were calculated based on the Group profit after taxation of RMB 186,118,000 and RMB 312,472,000 respectively on actual number of ordinary shares of 589,541,851 after adjusting for the outstanding options under ESOS scheme.

7. **Net asset 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 Sept 15	31 Dec 14	30 Sept 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)	284.0	236.4	48.8	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 RMB140.7 million or 6.1% from RMB2,315.8 million in 9M2014 to RMB2,456.6 million in 9M2015. This increase was attributable to the increase of RMB183.9 million and RMB54.0 million from sale of beverage and canned products in domestic markets respectively, partially offset by a decrease of RMB97.2 million from sales of canned products in overseas market. The increases 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:

	3Q			9 months (9M)		
	Jul –Sept 2015	Jul – Sept 2014	Change	Jan – Sept 2015	Jan – Sept 2014	Change
Product segment	RMB'000	RMB'000	%	RMB'000	RMB'000	%
<u>Canned products</u>						
- overseas	183,833	258,892	(29.0)	467,577	564,733	(17.2)
- domestic	138,117	140,254	(1.5)	313,272	259,278	20.8
<u>Beverage</u>	627,646	631,364	(0.6)	1,675,725	1,491,829	12.3
<u>Total</u>	949,596	1,030,510	(7.9)	2,456,574	2,315,840	6.1

Gross profit

Largely in line with the increase in our sales, our gross profit increased by approximately RMB102.3 million or 11.3%, from RMB908.2 million in 9M2014 to RMB1,010.5 million in 9M2015. Our overall gross profit margin (GPM) improved by 1.9 percentage points, from 39.2% in 9M2014 to 41.1% in 9M2015. The improvement of our overall GPM was a result of an increase in GPM of beverage segment partially offset by a decrease in GPM of canned products in both domestic and overseas markets. The improvements in GPM were largely attributable to the lower cost of raw materials for beverage segment. However, decrease in GPM of both domestic and overseas canned products were mainly due to higher cost of raw materials from 9M2014 to 9M2015.

Operating expenses

Distribution and selling expenses increased by approximately RMB123.7 million or 51.3%, from RMB240.9 million in 9M2014 to RMB364.6 million in 9M2015. This was due mainly to an increase of RMB3.4 million in transportation cost and RMB125.4 million in advertising and promotion expenses, partially offset by a decrease of RMB3.8 million in packaging cost. Increase in transportation and advertising and promotion cost in 9M2015 was mainly attributed to our domestic sales of canned products and beverage in PRC markets.

Administrative expenses increased by approximately RMB33.8 million or 61.4%, from RMB55.1 million in 9M2014 to RMB89.0 million in 9M2015. This was mainly due to an increase of RMB12.5 million in exchange losses, RMB3.1 million in depreciation and RMB10.7 million in professional fees.

Finance costs

Finance costs decreased by approximately RMB102.0 million or 121.3%, from RMB84.1 million in 9M2014 and assumed an income position of RMB17.9 million in 9M2015. Non-cash interest cost relating to convertible bonds decreased from RMB67.4 million in 9M2014 and assumed an income position of RMB24.8 million in 9M2015.

Profit before taxation

Profit before taxation decreased by approximately RMB0.3 million or 0.1%, from RMB468.2 million in 9M2014 to RMB467.9 million in 9M2015. The decrease was due to an increase in operating expenses and fair value of the option derivatives in relation to convertible bonds, offset by increase in revenue and a decrease in finance costs.

Review of Balance Sheet

Property, plant and equipment increased by approximately RMB99.1 million from RMB828.5 million in FY2014 to RMB927.6 million as at 9M2015 as a result of the construction in progress in Anhui plant.

The Group's inventories increased by approximately RMB49.0 million from RMB50.7 million in FY2014 to RMB99.7 million as at 9M2015. 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 RMB67.5 million from RMB1,110.2 million in FY2014 to RMB1,042.7 million as at 9M2015. The decrease in trade receivables was a result of better credit management. As at 30 September 2015, the Group does not have any trade receivables exceeding 120 days and the total amount collected as at 31 October 2015 is approximately RMB326.6 million

Other receivables increased by approximately RMB392.9 million from RMB317.1 million in FY2014 to RMB710.0 million as at 9M2015. Other receivables comprised VAT receivables, export tax refund, deposit and prepayments. The increases were mainly attributable to deposit and prepayment for property, plant and equipment in Hubei and Anhui plants.

Cash and cash equivalents stood at RMB319.9 million as at 30 September 2015, the increase in cash and cash equivalents was mainly due to bank loans obtained and net cash generated from operations partially offset by acquisition of property, plant and equipment and bank loan repayment.

Current liabilities increased by RMB247.1 million from RMB1,033.8 million in FY2014 to RMB1,280.9 million in 9M2015. The increase was mainly attributable to an increase of RMB24.5 million in current tax payable, RMB60.8 million in bank borrowings, RMB56.1 million in trade and other payables and RMB112.0 million in convertible bonds (arising from fair value changes and accretion of the convertible bonds at amortized cost), partially offset by a decrease in note payable of RMB6.3 million.

Equity interest increased by RMB321.0 million from RMB1,591.6 million as at 31 December 2014 to RMB1,912.6 million as at 30 September 2015. The increase was mainly attributable to net profits in 9M2015.

Review of cash flow statement

In 9M2015, operating cash flows before working capital changes amounted to RMB640.9 million. The Group used net cash of RMB290.9 million in its operating activities. Working capital changes comprised an increase in inventories of RMB49.0 million, operating receivables of RMB325.4 million, partially offset by an increase in operating payable of RMB49.8 million and a decrease in deposit pledged with bank of RMB33.6 million. Net cash used in investing activities amounted to RMB141.1 million in 9M2015, which was due mainly to construction in progress of our Anhui plant. In addition, net cash generated from financing activities amounted to RMB60.8 million in 9M2015, which was mainly due to bank loan obtained of RMB125.0 million partially offset by repayment of bank loan of RMB64.2 million in 9M2015.

Convertible bonds

The Group	30 September 2015 RMB'000	31 December 2014 RMB'000	Variance RMB'000
2012 Convertible Bond	635,485	526,509	108,976
2011 Convertible Bond	198,612	195,567	3,045
	834,097	722,076	112,021
Comprising :-			
Liability component at amortised cost			
- 2012 Convertible bond	336,686	353,558	(16,872)
- 2011 Convertible bond	122,922	130,827	(7,905)
Sub-total	459,608	484,385	(24,777)

Option derivatives at fair value			
- 2012 Convertible bond	298,799	172,951	125,848
- 2011 Convertible bond	75,690	64,740	10,950
Sub-total	374,489	237,691	136,798
(Note A)	834,097	722,076	112,021

The Group	30 September 2014 RMB'000	31 December 2013 RMB'000	Variance RMB'000
2012 Convertible Bond	477,093	377,724	99,369
2011 Convertible Bond	182,647	146,196	36,451
	659,740	523,920	135,820
Comprising :-			
Liability component at amortised cost			
- 2012 Convertible bond	358,570	310,107	48,463
- 2011 Convertible bond	150,837	131,927	18,910
Sub-total	509,407	442,034	67,373
Option derivatives at fair value			
- 2012 Convertible bond	118,523	67,617	50,906
- 2011 Convertible bond	31,810	14,269	17,541
Sub-total	150,333	81,886	68,447
(Note B)	659,740	523,920	135,820

Note A : The decrease in finance costs relating to convertible bond is mainly due to the convertible bonds nearing their maturity. The increase in fair value of the option derivatives relating to convertible bond is mainly due to the fair value estimation of the convertible bonds as at the date of the period under review.

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 period ended 30 September 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.

Note C : The convertible bonds have expired on 25 July 2015. Notwithstanding, as the Company is undergoing on-going discussions with the bond holders, it has computed the fair values of the convertible bonds as if the maturity dates of these bonds had been extended as at 30 September 2015.

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 half year results announcement released on 12 August 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.

During the first 9 months of 2015 ("9M2015"), the National Bureau of Statistic of China reported that China's gross domestic product (GDP) increased by 6.9% year-on-year to RMB 48,777.4 billion. For

9M2015, China's national per capita disposable income was RMB16,367, an increase of 9.2% despite economic headwinds. Chinese consumers spending is holding up as a result of rising middle class, higher households income and better living standards which led to better social behaviours and increased health awareness. Chinese consumers have become more concerned about the quality and safety of the food they purchase and consume. The sustained growth in consumer spending and heightened health and wellness awareness augurs well to fit the fruit juice and canned fruit industry in China.

To capitalize on the growth opportunities ahead for own-branded products such as *Garden Fresh* juices and *Grandness* canned fruits, the Group will continue to invest in advertising and promotional activities, sales and marketing and expand its distribution network beyond China's mainland market to other markets such as Hong Kong and Macau. The Group also plans to explore collaboration with new distributors in South East Asia to further diversify its customer base and enhance its brands awareness in overseas markets.

In November 2015, the Group announced that it has successfully secured indicative orders for *Garden Fresh* beverage products exceeding RMB380 million after the conclusion of the autumn trade show held in Nanjing, People's Republic of China, during the last week of October 2015 ("Nanjing Trade Show").

During the Nanjing Trade Show, the Group also introduced a new range of *Garden Fresh* yogurt drink with 5 blended loquat flavours, namely loquat-mango, loquat-blueberry, loquat-strawberry, loquat-papaya and loquat-waxberry. *Garden Fresh* yogurt drink is a cultured milk drink which contains probiotics to help maintain a healthy digestive system and was jointly developed with China National Research Institute of Food & Fermentation Industries, one of China's oldest and largest national research institutions engaged in the food, bio-engineering research and development.

During the same month of November 2015, the Group announced that it has entered into a strategic sponsorship agreement with a new TV series called 《Romance in the City 饮食男女》 as part of its advertising campaign to strengthen the brand equity and brand awareness of its in-house beverage brand "*Garden Fresh*" in China. The drama series are jointly invested by major media companies such as Alibaba Pictures Group (阿里巴巴影业), Shenzhen Media Group (深圳广电集团), Media Asia Entertainment Group (寰亚传媒集团), Shanghai Media Group (上海文广集团), and other regional broadcast stations within China. Scheduled for telecast in December 2015, the show will be broadcast by 11 stations in more than 10 cities across China. It is expected that 200 episodes will be aired during the first 12 months.

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

Update on Proposed Spin-Off and Convertible Bonds

The Company wishes to update that the relevant work for the proposed spin-off of its beverage segment under its wholly-owned subsidiary, Garden Fresh (HK) Fruit & Vegetable Beverage Co., Limited and its group of subsidiaries for a listing on an internationally recognised stock exchange ("Proposed Spin-Off") is still on-going.

The Company also wishes to update that subsequent to our previous announcement dated 12 August 2015, the Company and the CB1 and CB2 bondholders has entered into further discussions in relation to the terms and details of the extension of the convertible bonds which is still on going. The computation of the fair values of the convertible bond has been made on the assumption that the extension is made up to 30 September 2015.

The Company will keep shareholders updated on material developments relating to the Proposed Spin-Off as well as CB1 and CB2 as and when appropriate.

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/recommendeded, a statement to that effect.

No dividend has been declared/recommendeded.

13. Interested person transaction

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 third quarter financial results for the period ending 30 September 2015 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 October 2015, the Group had utilised approximately RMB108.1 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	94,100,000	10,000,000
(b) Working Capital				
- Bank repayment	35	60,725,000	14,000,000	46,725,000
- Operating expenses	5	8,675,000	-	8,675,000
Total	100	173,500,000	108,100,000	65,400,000

The Company will make further announcements on the use of net proceeds from the placement as and when the funds are materially disbursed.

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