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(Incorporated in the Republic of Singapore on 20 April 2007)
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NEWS RELEASE

SINO GRANDNESS REPORTS NET PROFIT OF RMB157.8 MILLION ON REVENUE OF RMB1.58 BILLION IN FIRST HALF

- 2Q17 net profit decreased by 33.3% to RMB105.1m from RMB157.7m
- 2Q17 gross profit decreased by 25.1% to RMB353.2m from RMB471.5m
- Cash and cash equivalents increased significantly to approximately RMB699.0m as at 30 June 2017 compared with RMB297.7m as at 31 December 2016 as a result of higher net cash generated from operations and completion of rights issue
- NAV per share increased to SGD 59.7 cents as at 30 June 2017 from SGD 49.7 cents as at 31 December 2016*
- Entered into agreements with Jingdong for the distribution of the Group's products on Jingdong's distribution network across China

Financial Highlights RMB (million)	2Q17	2Q16	2Q17 VS 2Q16	1H17	1H16	1H17 VS 1H16
Revenue	939.9	1,128.7	(16.7) %	1,575.0	1,852.5	(15.0) %
Gross profit	353.2	471.5	(25.1) %	601.7	768.2	(21.7) %
Gross profit margin	37.6%	41.8%	(4.2) ppt^	38.2%	41.5%	(3.3) ppt^
Distribution & selling expenses	(172.3)	(166.4)	3.5%	(285.9)	(280.8)	1.8%
Administrative expenses	(14.0)	(54.5)	(74.3) %	(55.6)	(93.1)	(40.3) %
Finance costs	(15.9)	(12.1)	31.1%	(28.4)	(18.5)	54.1%
Changes in fair value of the option derivatives in relation to convertible bonds	-	(37.4)	N/A	(7.1)	120.5	(105.9) %
Net profit attributable to shareholders	105.1	157.7	(33.4) %	157.8	517.9	(69.5) %
EPS in SGD cents*	2.2	3.3	(33.3) %	3.3	10.7	(69.2) %

^ppt means percentage point

*Earnings per share ("EPS") and net asset value ("NAV") per share are calculated based on 979,410,658 shares and converted into SGD using exchange rate of SGD1.00=RMB4.93

SINGAPORE – 11 Aug 2017 – 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”), a Shenzhen, China based integrated producer and distributor of own-branded juices and canned fruits and vegetables today reported its unaudited results for the first six months ended 30 June 2017 (“1H17”).

In 1H17, net profit attributable to shareholders for the Group decreased by 69.5% to RMB157.8 million from RMB517.9 million in the same period last year (“1H16”). The decrease in net profit was mainly due to lower revenue for the Group, changes in fair value of the options derivatives in relation to convertible bonds (“CBs”) and absence of gain on restructuring of CBs in 1H17 as compared to 1H16. For the quarter ended 30 June 2017 (“2Q17”), net profit attributable to shareholders decreased by 33.4% to RMB105.1 million from RMB157.7 million a year ago (“2Q16”).

Earnings per share (“EPS”) for 1H17 decreased by 69.2% to SGD 3.3 cents from SGD 10.7 cents in 1H16 while net asset value (“NAV”) per share increased to SGD 59.7 cents as at 30 June 2017 from SGD 49.7 cents as at 31 December 2016.

Mr Huang Yupeng 黄育鹏, Chairman and CEO of Sino Grandness said, “Our net profit in 1H17 was impacted by weaker demand for our beverage and canned products. The Group’s gross profit margins were also affected by higher raw material costs for the canned products and change in product mix for the beverage segment with higher contribution from the Qingrun series (“清润系列”) of beverages which commanded lower profit margin. However, I am pleased to exit the quarter with a stronger balance sheet as we generated higher net cash from operations and successfully completed the rights issue in 1H17. This significantly improved our cash balance to RMB699.0 million as at 30 June 2017 compared to RMB297.7 million as at 31 December 2016.”

“In the long run, I remain optimistic about the growth potential of the consumer market in China due to its huge population base and rising disposable income. To capitalize on the growth opportunities ahead, the Group will continue to invest in various advertising and promotional activities as well as sales and marketing initiatives to enhance our brand visibility and brand recognition. In May 2017, the Group participated in the China Beverage Conference held in Xuzhou, Jiangsu Province, China to showcase our full range of beverage products. In July 2017, we sponsored a Chinese martial arts competition held in Shijiazhuang, Hebei Province China. In July and August 2017, the Group further entered into separate agreements with 北京京东世纪信息技术有限公司 (“Jingdong”) for the distribution of the Group’s canned products and beverage products respectively on Jingdong’s distribution network across China. We will continue to grow our product range and explore various strategic collaborations in order to expand our online and offline distribution channels.”

Revenue analysis by segments:

	2Q		Change	Half Year (HY)		
	Apr – Jun 2017	Apr – Jun 2016		Jan – Jun 2017	Jan – Jun 2016	Change
Product segment	RMB’000	RMB’000	%	RMB’000	RMB’000	%
<u>Canned products</u>						
- overseas	179,060	191,800	(6.6)	278,748	297,642	(6.3)
- domestic	128,755	142,970	(9.9)	200,989	213,318	(5.8)
<u>Beverage</u>	632,134	793,974	(20.4)	1,095,299	1,341,490	(18.4)

Total	939,949	1,128,744	(16.7)	1,575,036	1,852,450	(15.0)
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The Group's revenue decreased by 15.0% in 1H17 to RMB1,575.0 million from RMB1,852.5 million in 1H16 due to changes in consumption environment of the domestic beverage market and lower sales of canned products.

Sales of overseas canned products decreased by 6.3% to RMB278.7 million in 1H17 from RMB297.6 million in 1H16. Beverage segment sales which comprised Garden Fresh juices dropped by 18.4% to RMB1,095.3 million in 1H17 from RMB1,341.5 million in 1H16. Domestic canned products sales decreased by 5.8% to RMB201.0 million in 1H17 from RMB213.3 million in 1H16.

In 1H17, distribution and selling expenses increased marginally by 1.8% to RMB285.9 million from RMB280.8 million in 1H16. This was mainly due to higher costs relating to advertising and promotion activities in our domestic sales of beverage products, partially offset by lower transportation costs. Administrative expenses decreased by 40.3% to RMB55.6 million in 1H17 from RMB93.1 million in 1H16 partly due to decrease in exchange loss and lower listing related professional expenses.

The Group's gross profit in 1H17 decreased by 21.7% to RMB601.7 million from RMB768.2 million in 1H16 as a result of lower Group revenue and lower gross profit margin ("GPM"). GPM for the Group in 1H17 decreased to 38.2% from 41.5% in 1H16 due to higher cost of raw materials for canned products and change in product mix in relation to beverage segment.

Outlook

As a result of rising disposable incomes, ageing population, increasing health awareness and change in consumption pattern, consumers have shown increasing demand for convenient products and functional health food through online and offline spending. Sino Grandness has responded to this trend by steadily expanding its product range and distribution channel in order to appeal to a broader customer base in the China market.

Consumer online spending continued to rise steadily in China as indicated by market data. Online consumption has become an increasingly important part of the economy and retail e-commerce sales in China are expected to grow from approximately USD298.9 billion in 2015 to USD839.5 billion in 2021*.

The recent collaborations with 深圳市微信食品股份有限公司("Wechat Food") and 重庆市礼仪之邦电子商务有限公司 ("LYZB E-Commerce") to distribute the Group's products online is part of the Group's strategy to expand its online distribution network. This is in line with the Chinese government's initiatives to promote the new economy whereby online and offline business models work together to achieve synergies in cost savings and to generate greater turnover. E-commerce is a vital part of the government's efforts to promote a consumer driven economy.

Sino Grandness aims to expand its reach and turnover further in the China market through building a comprehensive distribution network comprising tens of thousands of retail points covering hundreds of cities (百城万店) which connects suppliers of safe and healthy food items with consumers through mobile internet. The online marketing

platforms reflect the strategic move and emphasis which the Group is gradually putting into expanding its online distribution network going forward.

Barring unforeseen circumstances, the Group remains optimistic about its operating performance in FY2017.

Source :

[*https://www.statista.com/statistics/246041/forecast-of-b2c-e-commerce-sales-in-china/](https://www.statista.com/statistics/246041/forecast-of-b2c-e-commerce-sales-in-china/)

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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 own-branded 鲜绿园® (Garden Fresh) juices as well as canned fruits and vegetables. Since its establishment in 1997, the Group has rapidly grown to become the No.1 brand for loquat fruit juice in China as well as one of the top exporters of canned asparagus, long beans and mushrooms from China. The Group's products are distributed globally across Europe, North America and in Asia, in renowned supermarkets, discount stores and convenience stores including Lidl, Rewe, Carrefour, Walmart, and Metro.

With stringent quality control and procedures implemented in its manufacturing processes, Sino Grandness' 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 in China are strategically located in four provinces, namely Shandong, Shanxi, Sichuan and Hubei – all of which are key agricultural belts. The production bases straddle different climatic regions so that production activities can be carried throughout the year. The Group is currently building a new plant in Anhui province.

In recognition of the Group's R&D and brand building efforts, Garden Fresh brand has been accorded the "Innovative, Outstanding and Nutritious Award" by the PRC Food Industry in 2010 as well as "Top 100 Brand in China" by the joint agency of Global times, Asia Brand Association and China Economic Herald in 2013. Garden Fresh is ranked as the leading loquat juice brand in China in 2015 according to a market research report by Euromonitor.

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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