



Sino Grandness Food Industry Group Limited  
(Incorporated in the Republic of Singapore on 20 April 2007)  
(Company Registration No. 200706801H)  
56th Floor, Tower A, Lian He Plaza,  
No. 5022, Bin He Road, Futian District, Shenzhen, PRC (518033)  
深圳市福田区滨河大道 5022 号联合广场 A 座 56 楼(邮编:518033)  
[www.sinograndness.com](http://www.sinograndness.com)

## NEWS RELEASE

### **SINO GRANDNESS REPORTS NET PROFIT OF RMB 343.0 MILLION ON REVENUE OF RMB 2.9 BILLION IN FIRST 9 MONTHS**

- 9M18 revenue rose 4.2% to RMB 2.9 billion on higher orders from beverage and domestic canned products segments
- 9M18 gross profit rose 5.8% to RMB 1,113.8 million from RMB 1,053.2 million
- 9M18 net profit and 3Q18 net profit fell 2.3% and 19.6% respectively due to higher operating expenses
- NAV per share increased to SGD 70.3 cents as at 30 September 2018 from SGD 63.1 cents as at 31 December 2017

<b>Financial Highlights RMB (million)</b>	<b>3Q18</b>	<b>3Q17</b>	<b>3Q18 Vs 3Q17</b>	<b>9M18</b>	<b>9M17</b>	<b>9M18 vs 9M17</b>
Revenue	1,177.2	1,227.9	(4.1) %	2,919.8	2,803.0	4.2 %
Gross profit	467.3	451.5	3.5 %	1,113.8	1,053.2	5.8 %
Gross profit margin	39.7%	36.8%	2.9 ppt <sup>^</sup>	38.1%	37.6%	0.5 ppt <sup>^</sup>
Distribution & selling expenses	(207.0)	(142.5)	45.3 %	(506.2)	(428.4)	18.2 %
Administrative expenses	(63.9)	(35.3)	80.9 %	(125.3)	(90.9)	37.8 %
Finance costs	(15.4)	(13.8)	11.9 %	(40.5)	(42.2)	(4.2) %
Net profit attributable to shareholders	155.5	193.3	(19.6) %	343.0	351.1	(2.3) %

<sup>^</sup>ppt refers to percentage point

SINGAPORE – 9<sup>th</sup> November 2018 – 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 three months ended 30 September 2018 (“3Q18”) and nine months ended 30 September 2018 (“9M18”).

In 3Q18, net profit attributable to shareholders for the Group decreased by 19.6% to RMB 155.5 million from RMB 193.3 million in the same period last year (“3Q17”). In 9M18, net profit attributable to shareholders fell by 2.3% to RMB 343.0 million from RMB

351.1 million in the same period last year (“9M17”). The decrease in net profit for the Group in 3Q18 and 9M18 was mainly due to higher operating expenses.

Earnings per share (“EPS”) in 9M18 decreased to approximately SGD 7.0 cents from approximately SGD 8.3 cents in 9M17 while net asset value (“NAV”) per share increased to SGD 70.3 cents as at 30 September 2018 from SGD 63.1 cents as at 31 December 2017. (EPS calculations in 9M18 and 9M17 was based on weighted average number of ordinary shares of 979,410,000 and 843,231,000 respectively. NAV per share calculations based on 979,410,658 shares. Exchange rate used SGD1=RMB5.00)

Mr Huang Yupeng 黄育鹏, Chairman and CEO of Sino Grandness said, “I am pleased to note that sales of our own branded products have recorded positive growth during the first nine months this year. However, our net profit to a greater extent was impacted by higher distribution and selling expenses as we continued to invest in advertising and promotional activities in order to grow our brand value and distribution network.”

In September 2018, the Group’s wholly-owned subsidiary, Garden Fresh (Shenzhen) Fruit & Vegetable Beverage Co., Ltd. (“Garden Fresh”) (鲜绿园(深圳)果蔬饮料有限公司) has been accorded the prestigious “Top 500 Brands In Asia” award (亚洲品牌 500 强) during the 13<sup>th</sup> Asia Brand Ceremony (“Event”) held in Hong Kong on 9<sup>th</sup> September 2018. In the latest brand value appraisal as disclosed during the Event, Garden Fresh brand value has increased to RMB 17.62 billion compared with RMB 12.83 billion from the previous valuation. Further, the latest brand value ranking for Garden Fresh has improved by 41 spots to 437 from 478 in the previous year.

“Apart from growing our brand value, we will also strive to expand our distribution network further in China through various strategic collaborations or agreements. For example, in June 2018, we started to roll out our products across Meiyijia convenience stores, which is one of the leading and fastest growing convenience stores in China\*\*. In August 2018, we entered into a joint venture agreement with Dongqi Shenzhen Trading Company Limited (深圳市东启商贸有限公司) to distribute various food and beverage products of the Group into new channels, including supermarkets and convenience stores within major petrol stations in China,” Mr Huang added.

Revenue analysis by segments:

	3Q		Chang e %	9 months (9M)		Chang e %
	Jul – Sept 2018	Jul – Sept 2017		Jan – Sept 2018	Jan – Sept 2017	
Product segment	RMB’000	RMB’000		RMB’000	RMB’000	
<u>Canned products</u>						
- overseas	157,325	174,552	(9.9)	415,448	453,300	(8.4)
- domestic	166,224	167,987	(1.0)	377,271	368,976	2.2
<u>Beverage</u>	853,666	885,395	(3.6)	2,127,049	1,980,694	7.4
<u>Total</u>	1,177,215	1,227,934	(4.1)	2,919,768	2,802,970	4.2

The Group's revenue increased by 4.2% in 9M18 to RMB 2.9 billion from RMB 2.8 billion in 9M17 due to higher orders from beverage and domestic canned products segments. Sales of overseas canned products decreased by 8.4% to RMB 415.4 million in 9M18 from RMB 453.3 million in 9M17. Beverage segment sales which comprised Garden Fresh juices increased by 7.4% to RMB 2,127.0 million in 9M18 from RMB 1,980.7 million in 9M17. Domestic canned products sales increased by 2.2% to RMB 377.3 million in 9M18 from RMB 369.0 million in 9M17. The increase in sales of beverage segment and domestic canned product segment was mainly due to steady expansion of the Group's distribution network in China.

In 9M18, distribution and selling expenses increased by 18.2% to RMB 506.2 million from RMB 428.4 million in 9M17 primarily due to the increase in advertising and promotional expenses, partially offset by lower transportation costs. Administrative expenses increased by 37.8% to RMB 125.3 million in 9M18 from RMB 90.9 million in 9M17 mainly due to higher foreign exchange losses and higher depreciation charges.

The Group's gross profit in 9M18 increased by 5.8% to RMB 1,113.8 million from RMB 1,053.2 million in 9M17 as a result of higher sales and improved profit margin. Gross profit margin ("GPM") for the Group in 9M18 improved to 38.1% from 37.5% in 9M17 due to the improvement in GPM of canned products segments, partially offset by a decrease in GPM of beverage segment. The decrease in GPM of beverage segment in 9M18 was mainly attributable to higher cost of raw materials.

## **Outlook**

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

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 in order to enhance its brand visibility and grow its market share in China.

Barring unforeseen circumstances, the Group remains optimistic about its operating performance in FY2018.

**-- END --**

## **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.

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 five provinces, namely Shandong, Shanxi, Sichuan, Hubei and Anhui. The production bases straddle different climatic regions so that production activities can be carried throughout the year. In recognition of the Group’s R&D and brand building efforts, Garden Fresh has been accorded the prestigious “Top 500 Brands in Asia Award”, “Innovative, Outstanding and Nutritious Award” and “Top 100 Brand in China Award”. Garden Fresh is ranked as the leading loquat juice brand in China based on a 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.*

For further information please contact :

Mr. Stephen Yong

VP, Investor Relations

Sino Grandness Food Industry Group Limited

Tel : +65-92999316

Email : [ssyong@grandnessgroups.com](mailto:ssyong@grandnessgroups.com)