Sino Agro Food

# Interim Report Second Quarter 2017

- *Positive USD .03 EPS Despite Transition and Headwinds*
- *Advances Strategic Relationships; Adjusts Cap Ex Strategy*

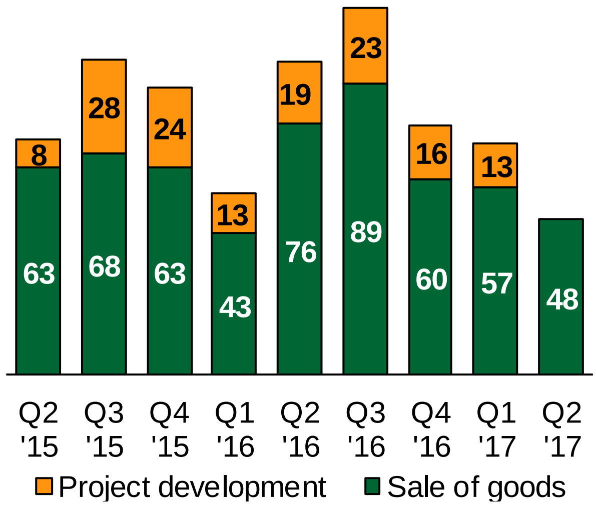
**April – June 2017**

- Revenue for the period: USD 47.7M (95.4)
- Gross profit for the period: USD 6.5M (23.9)
- Net Income attributable to SIAF for the period: USD 1.5M (19.7)
- Diluted earnings per share: USD 0.03 (0.82)

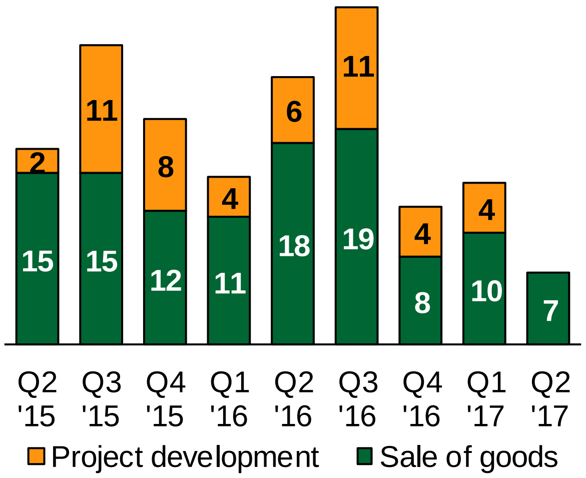
**Key figures**

| (USD M, except per share data) | Q2 '17 | Q2 '16 | % |
|---|---|---|---|
| Revenue | 47.7 | 95.4 | *-50%* |
| Gross profit | 6.5 | 23.9 | *-73%* |
| *Margin* | *13.6%* | *25.0%* | |
| Net income | 1.5 | 19.7 | *-92%* |
| *Margin* | *3.2%* | *20.7%* | |
| Net income attributable to SIAF | 0.4 | 18.8 | *-98%* |
| Earnings per share (USD) - fully diluted | 0.03 | 0.82 | *-96%* |
| Book value per share (USD) - fully diluted | 26.5 | 25.6 | *4%* |

**Revenue (USD M)**




**Gross profit (USD M)**



## Second quarter 2017 highlights

### Revenue

Results reflect the carve-out of aquaculture operations announced March 2, 2017. Income from Sino Agro's 36.6% interest in the carved-out company, Tri-Way Industries Ltd. is reported as "share of income from unconsolidated equity investee". Revenue from the sale of goods from the former aquaculture business segment is no longer reported.

Stripping out discontinued aquaculture revenue from Q2 2016, revenue from the sale of goods decreased USD 18.7M, or 28%, to USD 47.7M for the quarter ended June 30, 2017 year over year. Contrasted to Q1 2017, revenue decreased 17%.

### Key Points

- Q2 2017 income from unconsolidated equity investment was USD 1.3M. This figure was based on a 23.8% equity interest in Tri-way, prior to registration and finalization of SIAF's effective 36.6% interest, along with corresponding adjustments within the coming Q3 quarter, wherein some~~and there will be~~ debt re~~-~~payment~~s~~ by Tri-way to SIAF will assist in ~~to~~ improving~~e~~ SIAF's cash flow starting from Q3~~ quarter of~~ 2017.

- As of June 30 2017, the Company had net working capital of USD 313.9M, a quarterly increase of USD 16.4M.

- Stockholders' equity increased in the quarter by USD 15.5M to USD 629.9M or USD 24.99 per share, based on the weighted average number of fully diluted outstanding shares in the quarter.

| **Revenue (USD M)** | **Q2 '17** | **Q2 '16** | **%** | **6M '17** | **6M '16** |
|---|---|---|---|---|---|
| Integrated Cattle Farm (SJAP) | 20.5 | 38.7 | *-47%* | 42.4 | 65.0 |
| Organic Fertilizer (HSA) | 1.0 | 5.2 | *-82%* | 3.7 | 10.3 |
| Cattle Farms (MEIJI) | 7.4 | 7.1 | *5%* | 15.8 | 11.9 |
| Plantation | 0.8 | 5.5 | *-86%* | 2.1 | 5.5 |
| Seafood & Meat Trading | 18.1 | 19.7 | *-8%* | 41.2 | 26.1 |
| **Sale of goods total** | **47.7** | **76.1** | ***-37%*** | **105.2** | **118.8** |
| Aquaculture | - | 18.9 | *-100%* | 13.2 | 32.4 |
| Cattle Farms | - | - | *n.a.* | - | - |
| Seafood & Meat Trading | - | - | *n.a.* | - | - |
| **Project development total** | **0.0** | **18.9** | ***-100%*** | **13.2** | **32.4** |
| **Group total** | **47.7** | **95.1** | ***-50%*** | **118.3** | **151.2** |

## CEO commentary

*"The Company is confident that we will see a rebound in the remainder of 2017. On a more strategic front, in consultation with our partners and advisors, the aim is to prudently address the spectrum of external agricultural market conditions to facilitate our carve-out and spinoff exercises, some of which are well underway."*

*"The growth in demand for seafood in China is set to rise to 39kg per capita in 2020. Whereas the Chinese seafood industry is heavily challenged by sea pollution and overfishing of wild fish, Tri-way's sustainable production environment produces healthy, safe and sustainable seafood all year round. Moreover, it produces premium quality seafood that can yield higher margins than competitors. We are encouraged by our business plan and the macro-trends that support our belief in this strategy. To further this strategy while minimizing risks and ensuring the long-term sustainability of its business model, Tri-way has decided to focus its near-term goals on securing financing to support the execution of this business plan before proceeding.*

*"Tri-way continues to make meaningful progress toward securing this financing to develop its infrastructure and grow the business. Recent achievements include the granting of a credit facility of RMB 100 million with the Agricultural Bank of China ("ABC"), the world's third largest bank based on reported assets, and being assigned the strongest credit rating, 5A-1, from Dun & Bradstreet, a reputable business services company headquartered in the U.S.A. These milestones confirm Tri-way's credit worthiness, clean balance sheet, and its risk averse approach, all of which support our confidence in Tri-way's ability to secure additional financing to complete the build out of Aquafarm 4 and to commence the construction of Aquafarm 5.*

*"Moving onto our beef sales, we experienced a decline in sales this quarter due to a shift in market demand toward newer sources of imported beef. We adapted to the influx of Australian beef by importing it to the Shanghai Distribution Center, and in Xining for value added processing. Now, new imports offer a further competition, offering us the same opportunities to embrace, after a transitional period.*

*"Having previously identified the trend of imported beef, we have been transitioning toward premium domestic beef, while maintaining the farmer's cooperative model, which promotes several missions. While we expect short-term headwinds related to increased competition from international beef farmers to impact sales, we are confident in our long-term strategy. We are fortunate to enjoy excellent working relationships with various government agencies, with which we are currently discussing new means to accomplish our mission, without SJAP having to continue businesses made unprofitable by the relaxation of import restrictions. These private company/state agency relationships hold greater significance in China than in western countries, and we are proud to have established a positive working relationship with the Xining Government in an effort to support our growth strategy.*

*"During the quarter we also implemented several initiatives aimed at improving financial discipline across the business to support a sustainable and cost-efficient business model, such as concentrating on increasing free cash flow at Tri-way by optimizing operations at each aquafarm in terms of product mix and APRAS performance, and retrofitting HSA's second production plant's fertilizer processor to adapt to poultry.*

*"I would like to thank our loyal shareholders as we implement these steps and work through this transition period toward building long-term value at the Company."*

| **Gross profit (USD M)** | **Q2 '17** | **Q2 '16** | **%** | **6M '17** | **6M '16** |
|---|---|---|---|---|---|
| Integrated Cattle Farm (SJAP) | 3.1 | 10.5 | *-71%* | 7.2 | 18.8 |
| Organic Fertilizer (HSA) | 0.2 | 2.0 | *-91%* | 1.2 | 4.0 |
| Cattle Farms (MEIJI) | 1.1 | 0.4 | *182%* | 2.6 | 0.6 |
| Plantation | 0.1 | 2.8 | *-96%* | 1.0 | 2.8 |
| Seafood & Meat Trading | 2.0 | 2.3 | *-11%* | 4.6 | 3.2 |
| **Sale of goods total** | **6.5** | **18.0** | ***-64%*** | **16.5** | **29.4** |
| Aquaculture | - | 5.9 | *-100%* | 4.4 | 9.5 |
| Cattle Farms | - | - | *n.a.* | - | 0.0 |
| Seafood & Meat Trading | - | - | *n.a.* | - | 0.0 |
| **Project development total** | **0.0** | **5.9** | ***-100%*** | **4.4** | **9.5** |
| **Group total** | **6.5** | **23.9** | ***-73%*** | **20.9** | **38.9** |

## Integrated Cattle Farm (SJAP)

As reported last quarter, the Xining government engaged SJAP in discussions aimed to help the cattle and beef industry and promote economic development in the district, which boasts annual production of over four million head of cattle. SJAP was selected as the lead company to coordinate and carry out sweeping long-term regional plans.

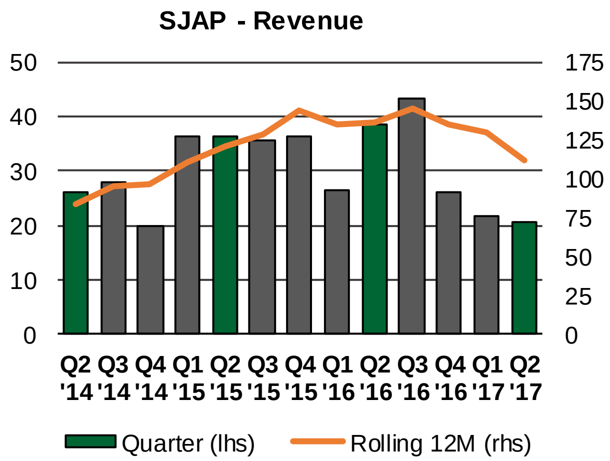
This also reflects the local government's realization of the serious situation the cattle industry faces in the region, and is looking at various options to assist while waiting and working with the Central Government to produce a concrete revitalized plan to rebuild the industry.

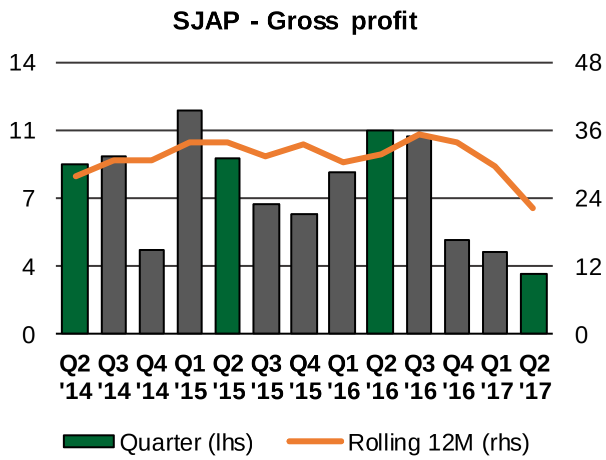
The Company's plan in the interim is to:

- Restrict capital spending and to reserve its cash as much as possible to buy enough time while working through the interim planning process until such time as the Central and Local Government's revitalization plan is adopted and implemented,
- Continue limiting operations of the adversely affected aspects of its business,
- Continue discussions with other operators in wholesaling, logistics, value added processing , general trading, etc. to negotiate an overall plan/solution in line with the government's strategic plan, and,
- Supplant Australian beef imports with those from the USA that offer comparatively better value in price, quality, and selection

As previously noted, decisions are to be governed by stricter discipline on return on capital employed ("ROCE") in support of SJAP's advised carve-out and spinoff plans.

SJAP is fortunate to enjoy excellent working relationships with various government agencies. These private company/state agency relationships are perhaps more important in China than in western countries. For instance, SJAP has successfully created a local cooperative farmer network mutually beneficial for many years. Indeed, it is still viable; albeit, severely more challenging with the influx of highly competitive imported beef due to relaxed import restrictions.



## Cattle Operation

| Sales volume per product (SJAP live beef cattle) | Q2 '17 | Q2 '16 | 6M '17 | 6M '16 |
|---|---|---|---|---|
| **Beef cattle (#)** | **1 019** | **2 382** | **2 101** | **3 233** |
| - o/w sold externally as live cattle | 691 | 1 666 | 1 458 | 1 807 |
| ASP per head (USD) | 2 450 | 2 521 | 2 479 | 2 702 |
| *Gross profit margin* | *5%* | *13%* | *10%* | *16%* |

Q2 live cattle revenue decreased by 58% to USD 2.5M (6.0), with live cattle sales amounting to 1 019 head in Q2 2017 versus 2 382 in Q2 2016. Gross profit decreased by 85% to USD 0.1M (0.8) equivalent to a marginof 4.7% (13.0%).

## Fertilizer and feed

| SJAP fertilizer and animal feed | Q2 '17 | Q2 '16 | 6M '17 | 6M '16 |
|---|---|---|---|---|
| **Organic fertilizer (MT)** | **3 351** | **4 180** | **6 355** | **6 767** |
| ASP / MT (USD) | 190 | 181 | 187 | 190 |
| *Gross profit margin* | *34%* | *33%* | *38%* | *33%* |
| **Bulk livestock feed (MT)** | **6 767** | **9 330** | **13 992** | **18 570** |
| ASP / MT (USD) | 180 | 167 | 176 | 181 |
| *Gross profit margin* | *55%* | *55%* | *55%* | *55%* |
| **Concentrated livestock feed (MT)** | **6 790** | **9 560** | **15 020** | **17 991** |
| ASP / MT (USD) | 447 | 437 | 437 | 448 |
| *Gross profit margin* | *44%* | *45%* | *44%* | *44%* |
| **Total feed volume (MT)** | **13 557** | **18 890** | **21 375** | **24 758** |

Q2 fertilizer and feed revenue decreased by 29% to USD 4.8M (6.8), mainly due to lower sales of concentrated livestock feed. Gross profit decreased by 29% to USD 2.2M (3.1) equivalent to a margin of 45.5% (45.9%).

The decrease in sales of bulk livestock feed was primarily due to SJAP's reduction of live cattle sales since Q1 2016 due to the drop in cattle prices and unstable market conditions. The decrease in concentrated livestock feed was curtailed by an increase of sales to other primary producers such as pig farmers and chicken farmers.

| (USD M) | Q2 '17 | Q2 '16 | % | 6M '17 | 6M '16 | % |
|---|---|---|---|---|---|---|
| Live cattle | 2.5 | 6.0 | *-58%* | 5.2 | 8.7 | *-40%* |
| Bulk livestock feed | 1.2 | 1.7 | *-29%* | 2.5 | 3.3 | *-26%* |
| Concentrated livestock feed | 3.0 | 4.3 | *-30%* | 6.6 | 8.1 | *-19%* |
| Fertilizer | 0.6 | 0.8 | *-21%* | 1.2 | 1.3 | *-8%* |
| **Revenue** | **7.3** | **12.8** | ***-43%*** | **15.4** | **21.4** | ***-28%*** |
| Live cattle | 0.1 | 0.8 | *-85%* | 0.5 | 1.4 | *-63%* |
| Bulk livestock feed | 0.7 | 0.9 | *-28%* | 1.4 | 1.8 | *-26%* |
| Concentrated livestock feed | 1.3 | 1.9 | *-32%* | 2.9 | 3.6 | *-19%* |
| Fertilizer | 0.2 | 0.3 | *-18%* | 0.4 | 0.4 | *-4%* |
| **Gross profit** | **2.3** | **3.9** | ***-41%*** | **5.2** | **7.3** | ***-29%*** |
| Live cattle | 4.7% | 13.0% | | 10.0% | 16.2% | |
| Bulk livestock feed | 55.5% | 54.9% | | 55.3% | 54.9% | |
| Concentrated livestock feed | 43.9% | 44.7% | | 44.1% | 44.4% | |
| Fertilizer | 34.1% | 32.8% | | 34.6% | 33.4% | |
| **Gross profit margin** | **31.6%** | **30.4%** | | **33.6%** | **33.9%** | |

## SJAP Value added processing (VAP)

| Sales volume per product (SJAP VAP) | Q2 '17 | Q2 '16 | 6M '17 | 6M '16 |
|---|---|---|---|---|
| **Packaged meat - local cattle (MT)** | **125** | **358** | **250** | **713** |
| ASP / kg (USD) | 7,3 | 8,3 | 7,5 | 7,7 |
| *- Gross profit margin* | *9%* | *23%* | *14%* | *21%* |
| **Packaged meat - imported beef (MT)** | **1 655** | **2 585** | **3 356** | **4 407** |
| ASP / kg (USD) | 7,4 | 8,9 | 7,4 | 8,6 |
| *- Gross profit margin* | *5%* | *26%* | *14%* | *21%* |
| **Total volume processed** | **1 780** | **2 943** | **3 606** | **5 120** |

Q2 revenue from VAP decreased by 49% to USD 13.2M (25.9), with processing volumes decreasing to 1 780 MT (2 943). Gross profit decreased by 89% to USD 0.8M (6.6) equivalent to a margin of 5.7% (25.5%) primarily due fluctuating prices of imported meats, thus reducing profits caused by increasing competition as more exporting countries enter the Chinese market. Local cattle volumes were affected by the aforementioned unstable market conditions, in turn causing local farmers to keep and to grow their live cattle for longer periods in anticipation of better market pricing.

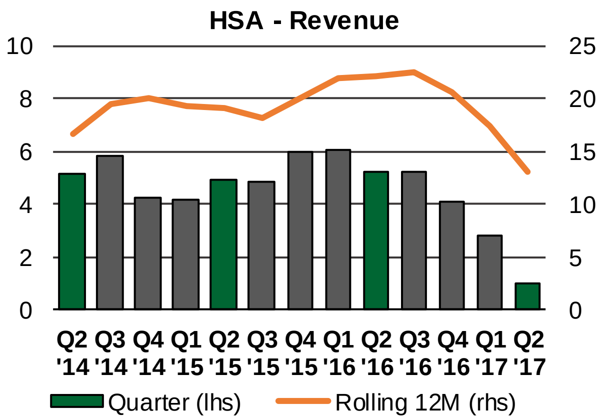
| (USD M) | Q2 '17 | Q2 '16 | % | 6M '17 | 6M '16 | % |
|---|---|---|---|---|---|---|
| Slaughter | 0.1 | 0.0 | *n.a.* | 0.2 | 0.0 | *n.a.* |
| VAP of local beef cattle | 0.9 | 3.0 | *-69%* | 1.9 | 5.5 | *-66%* |
| VAP of imported beef | 12.2 | 22.9 | *-47%* | 24.8 | 38.1 | *-35%* |
| Other | - | 0.0 | *n.a.* | - | 0.0 | *n.a.* |
| **Revenue** | **13.2** | **25.9** | ***-49%*** | **26.9** | **43.6** | ***-38%*** |
| Slaughter | 0.1 | 0.0 | *n.a.* | 0.1 | 0.0 | *n.a.* |
| VAP of local beef cattle | 0.1 | 0.7 | *-88%* | 0.3 | 1.2 | *-77%* |
| VAP of imported beef | 0.6 | 5.9 | *-90%* | 1.6 | 10.4 | *-84%* |
| Other | - | 0.0 | *n.a.* | - | 0.0 | *n.a.* |
| **Gross profit** | **0.8** | **6.6** | ***-89%*** | **2.0** | **11.5** | ***-82%*** |
| Slaughter | 57.2% | n.a. | | 57.0% | n.a. | |
| VAP of local beef cattle | 8.8% | 22.5% | | 14.0% | 20.9% | |
| VAP of imported beef | 4.9% | 25.9% | | 6.6% | 27.2% | |
| Other | n.a. | n.a. | | n.a. | n.a. | |
| **Gross profit margin** | **5.7%** | **25.5%** | | **7.6%** | **26.4%** | |

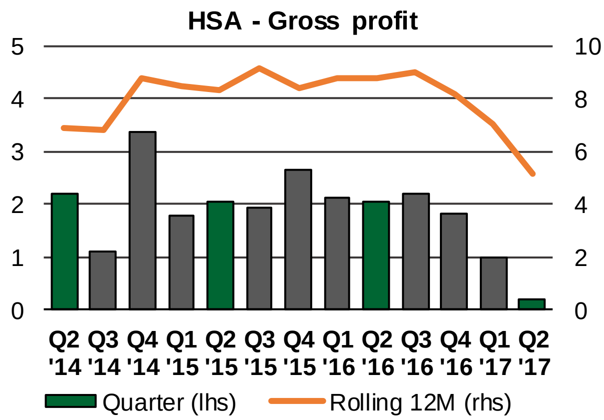
## Organic Fertilizer (HSA)

| (USD M) | Q2 '17 | Q2 '16 | % | 6M '17 | 6M '16 | % |
|---|---|---|---|---|---|---|
| Organic fertilizer | 1.0 | 1.0 | *-6%* | 1.8 | 2.0 | *-7%* |
| Organic mixed fertilizer | - | 4.2 | *-100%* | 1.9 | 9.3 | *-80%* |
| **Revenue** | **1.0** | **5.2** | ***-82%*** | **3.7** | **11.3** | ***-67%*** |
| Organic fertilizer | 0.2 | 0.3 | *-23%* | 0.4 | 0.4 | *-14%* |
| Organic mixed fertilizer | - | 1.8 | *-100%* | 0.8 | 3.8 | *-78%* |
| **Gross profit** | **0.2** | **2.0** | ***-91%*** | **1.2** | **4.2** | ***-72%*** |
| Organic fertilizer | 20.1% | 24.5% | | 19.7% | 21.3% | |
| Organic mixed fertilizer | n.a. | 43.0% | | 43.5% | 40.4% | |
| **Gross profit margin** | **20.1%** | **39.4%** | | **31.9%** | **37.1%** | |

Q2 revenue from HSA decreased by 82% to USD 1.0M (5.2). Gross profit decreased by 91% to USD 0.2M (2.0) equivalent to a margin of 20.1% (39.4%). Plans to adapt to changing market conditions at HSA have been formulated with the restriction of incurring any further capital expenditure until available through self-generated cash flow. Sales are anticipated to pick up from Q3 2017 after completion of the retrofit of its production plant. Profits are intended to increase from this quarter onward, eventually exceeding past performance once raw material is in adequate supply, targeting sometime during Q4 2017.

| HSA fertilizer | Q2 '17 | Q2 '16 | 6M '17 | 6M '16 |
|---|---|---|---|---|
| **Organic fertilizer (MT)** | **3 913** | **3 907** | **7 470** | **7 733** |
| ASP / MT (USD) | 239 | 262 | 238 | 247 |
| *Gross profit margin* | *19%* | *25%* | *19%* | *21%* |
| **Organic mixed fertilizer (MT)** | **-** | **9 990** | **4 680** | **19 958** |
| ASP / MT (USD) | - | 418 | 406 | 418 |
| *- Gross profit margin* | *n.a.* | *43%* | *43%* | *43%* |
| **Total fertilizer volume (MT)** | **3 913** | **13 897** | **12 150** | **27 691** |



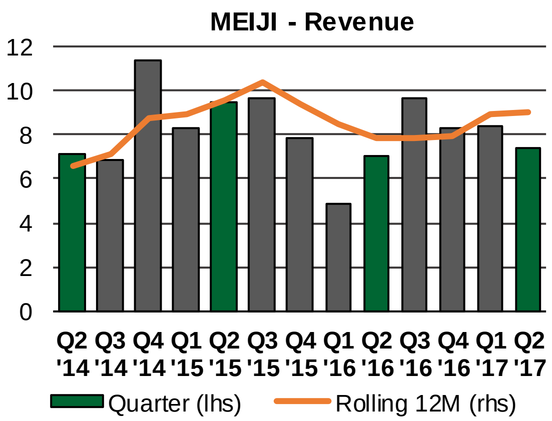



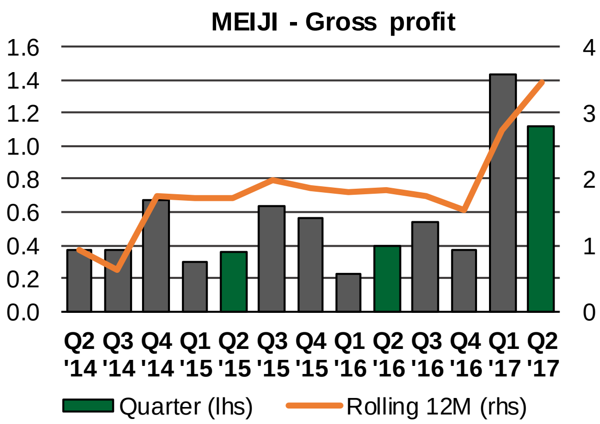
## Cattle Farms (MEIJI)

| (USD M) | Q2 '17 | Q2 '16 | % | 6M '17 | 6M '16 | % |
|---|---|---|---|---|---|---|
| Sale of live cattle | 7.4 | 7.1 | *5%* | 15.8 | 11.9 | *33%* |
| **Revenue** | **7.4** | **7.1** | ***5%*** | **15.8** | **11.9** | ***33%*** |
| Sale of live cattle | 1.12 | 0.40 | *182%* | 2.6 | 0.6 | *309%* |
| **Gross profit** | **1.12** | **0.40** | ***182%*** | **2.6** | **0.6** | ***309%*** |
| Sale of live cattle | 15.2% | 5.6% | | 16.1% | 5.2% | |
| **Gross profit margin** | **15.2%** | **5.6%** | | **16.1%** | **5.2%** | |

Q2 revenue from MEIJI increased by 5% to USD 7.4M (7.1), with live cattle sales amounting to 4 112 head (4 237). Gross profit increased by 182% to USD 1.12M (0.40) equivalent to a margin of 15.2% (5.6%). The major factor behind the increase was the significant demand for our locally bred "Yellow Cattle," which are garnering approximately USD 36 / kg (live weight) in sales, which when compared to SJAP's average of RMB26 / Kg for Angus and Simmental, provides perspective on the benefits from having adjusted the breed of cattle being raised. Market prices of MEIJI's Yellow Cattle breed do not exhibit the same sensitivity to beef imports, since the imported beef origins from other, more common breeds.

| Sales volume per product (MEIJI) | Q2 '17 | Q2 '16 | 6M '17 | 6M '16 |
|---|---|---|---|---|
| **Head of beef cattle (#)** | **4 112** | **4 237** | **8 513** | **7 269** |
| ASP per head (USD) | 1 800 | 1 671 | 1 858 | 1 637 |
| *- Gross profit margin* | *15.2%* | *5.6%* | *16.1%* | *5.3%* |



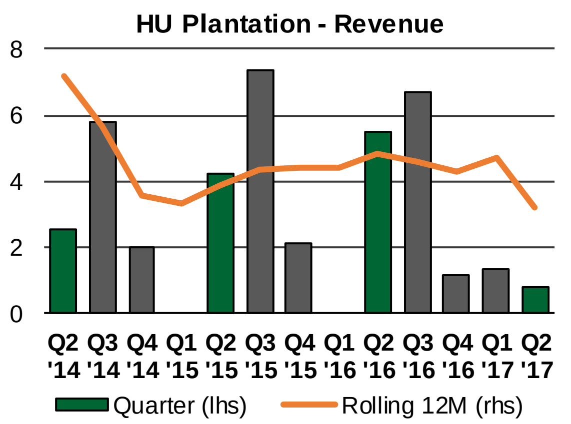



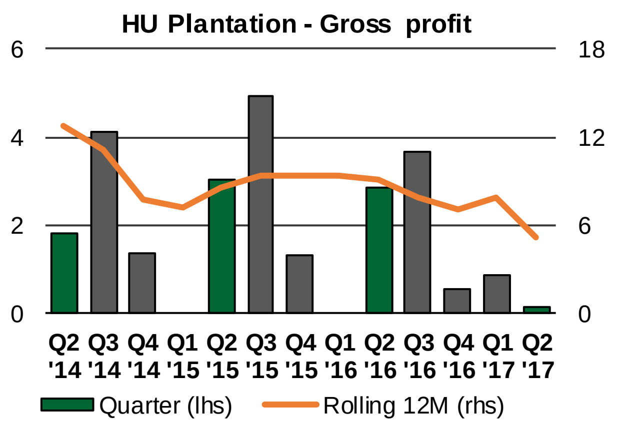
## HU Plantation (JHST)

| (USD M) | Q2 '17 | Q2 '16 | % | 6M '17 | 6M '16 | % |
|---|---|---|---|---|---|---|
| Fresh HU-flowers | 0.0 | 0.5 | *-98%* | 0.5 | 0.5 | *-4%* |
| Dried HU-flowers | 0.3 | 2.1 | *-85%* | 5.2 | 2.1 | *151%* |
| Immortal vegetables | - | 1.7 | *-100%* | -0.0 | 1.7 | *-102%* |
| Vegetable products | 0.4 | 1.3 | *-66%* | 2.2 | 1.3 | *76%* |
| **Revenue** | **0.8** | **5.5** | ***-86%*** | **7.8** | **5.5** | ***42%*** |
| Fresh HU-flowers | 0.0 | 0.3 | *-99%* | 0.3 | 0.3 | *-9%* |
| Dried HU-flowers | 0.0 | 1.4 | *-98%* | 3.0 | 1.4 | *124%* |
| Immortal vegetables | - | 0.9 | *-100%* | -0.0 | 0.9 | *-102%* |
| Vegetable products | 0.1 | 0.3 | *-65%* | 0.9 | 0.3 | *210%* |
| **Gross profit** | **0.1** | **2.8** | ***-96%*** | **4.2** | **2.8** | ***47%*** |
| Fresh HU-flowers | 14.2% | 62.1% | | 58.6% | 62.1% | |
| Dried HU-flowers | 7.1% | 66.0% | | 58.9% | 66.0% | |
| Immortal vegetables | n.a. | 52.9% | | 53.2% | 52.9% | |
| Vegetable products | 23.6% | 23.0% | | 40.5% | 23.0% | |
| **Gross profit margin** | **16.6%** | **51.8%** | | **53.7%** | **51.8%** | |

Q2 revenue from HU Plantation decreased by 86% to USD 0.8M (5.5), with dried HU-flower sales amounting to 53 MT (138). Gross profit decreased by 96% to USD 0.1M (2.80) equivalent to a margin of 16.6% (51.8%). JHST will plan on growing seasonal cash crops that exhibit stable markets and steady prices to maintain its plantation operation for the remainder of this year until its able to consider various available options. The Company is confident in finding the appropriate solution.

| Sales volume per product (JHST) | Q2 '17 | Q2 '16 | 6M '17 | 6M '16 |
|---|---|---|---|---|
| **Fresh HU flowers (million pieces)** | **.1** | **2.9** | **0.1** | **2.9** |
| ASP / MT (USD) | 0.09 | 0.17 | 0.09 | 0.17 |
| *- Gross profit margin* | *11%* | *65%* | *11%* | *65%* |
| **Dried HU flowers (MT)** | **53** | **138** | **53** | **138** |
| ASP / MT (USD) | 5 897 | 14 872 | 5 897 | 14 872 |
| *- Gross profit margin* | *7%* | *66%* | *7%* | *66%* |
| **Vegetable products (MT)** | **686** | **1 625** | **1 664** | **1 625** |
| ASP / MT (USD) | 630 | 775 | 1 055 | 775 |
| *- Gross profit margin* | *24%* | *23%* | *55%* | *23%* |



## SIAF Corporate (Import / Export)

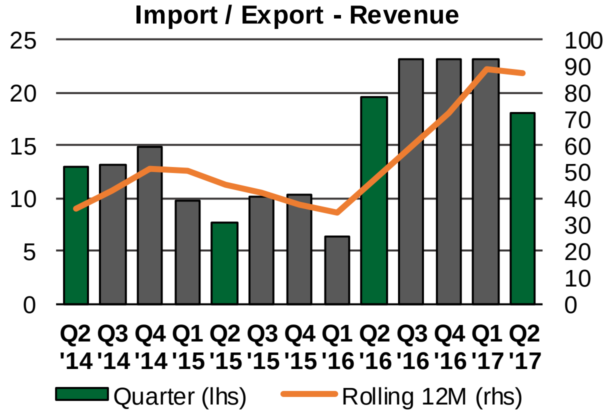
| (USD M) | Q2 '17 | Q2 '16 | % | 6M '17 | 6M '16 | % |
|---|---|---|---|---|---|---|
| Seafood | 7.5 | 5.2 | *43%* | 14.9 | 6.7 | *122%* |
| Beef & mutton | 10.6 | 14.4 | *-27%* | 26.3 | 19.3 | *36%* |
| **Revenue** | **18.1** | **19.7** | ***-8%*** | **41.2** | **26.1** | ***58%*** |
| Seafood | 0.8 | 0.7 | *28%* | 1.7 | 0.8 | *103%* |
| Beef & mutton | 1.2 | 1.6 | *-27%* | 2.9 | 2.4 | *23%* |
| **Gross profit** | **2.0** | **2.3** | ***-11%*** | **4.6** | **3.2** | ***43%*** |
| Seafood | 11.1% | 12.5% | | 11.1% | 12.2% | |
| Beef & mutton | 11.1% | 11.1% | | 11.1% | 12.3% | |
| **Gross profit margin** | **11.1%** | **11.5%** | | **11.1%** | **12.3%** | |

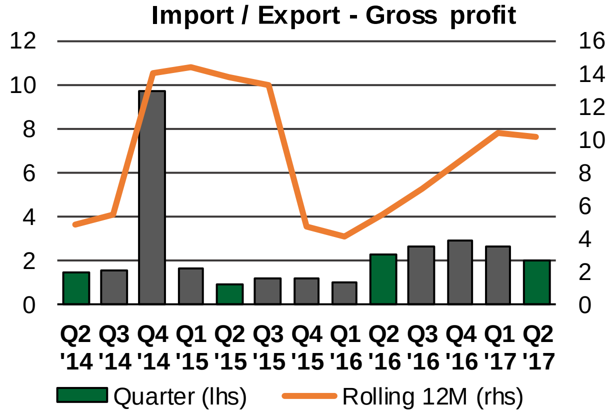
Q2 revenue from Import / Export decreased by 8% to USD 18.1M (19.7), mainly due to the strong growth in seafood imports. Gross profit decreased by 11% to USD 2.0M (2.3) equivalent to a margin of 11.1% (11.5%).

The company projects that by sometime in Q4 2017 imported beef from the U.S. should find its footing in the China market, providing a better guideline to importers overall and helping to determine an appropriate direction.

In the interim, China is short in seafood supply with demand increasing each year. It is projected that China will become a negative importing country with a shortfall of over tens of millions of metric tons ("MMT")/year within the next decade based on its current consumption of over 50 MMT/year. The current shortfall is running at some 6-7 MMT/year. In this respect, the locally grown seafood and imported seafood trade has strong potential to increase the Company's sales revenue and profits, such that the plan is to increase import seafood trading starting in Q3 (to include frozen seafood), helping to offset some of the overall revenue decline Q2.

| Traded volume per product (SIAF) | Q2 '17 | Q2 '16 | 6M '17 | 6M '16 |
|---|---|---|---|---|
| **Mixed seafood (MT)** | **396** | **192** | **886** | **272** |
| ASP / kg (USD) | 19 | 27 | 25 | 25 |
| *Gross profit margin* | *11%* | *12%* | *13%* | *12%* |
| **Beef & lamb (MT)** | **907** | **1 326** | **2 048** | **2 296** |
| ASP / kg (USD) | 12 | 11 | 12 | 8 |
| *Gross profit margin* | *11%* | *11%* | *11%* | *12%* |
| **Total volume traded** | **1 303** | **1 518** | **2 934** | **2 568** |



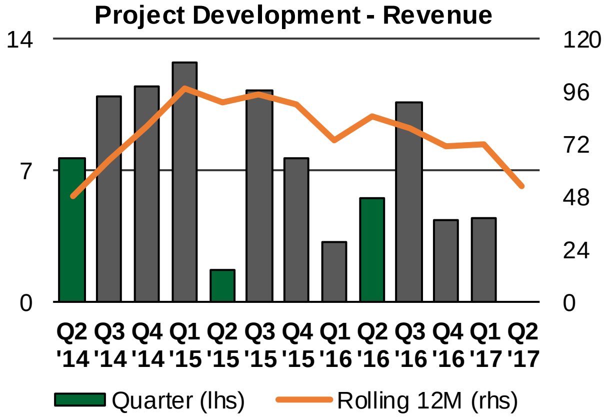



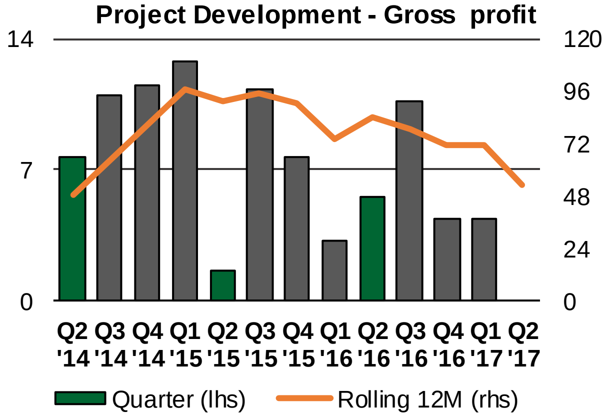
## Aquaculture Project Development

| (USD M) | Q2 '17 | Q2 '16 | % | 6M '17 | 6M '16 | % |
|---|---|---|---|---|---|---|
| Revenue | - | 18.9 | *-100%* | 13.2 | 31.7 | *-58%* |
| Gross profit | - | 5.5 | *-100%* | 4.4 | 8.7 | *-50%* |
| Gross profit margin | n.a. | 29.2% | | 33.4% | 27.6% | |

No revenue was recognized in Aquaculture Project Development during the quarter. Revenue and profit from this segment is expected to resume, returning to normal levels and above, once Tri-way secures its intended debt financing.

In the interim, CA has been exploring opportunities in Southeast Asia (i.e. India, Vietnam, Indonesia, Malaysia and other countries) with the aim to turn into a global operator outside of China. Since this is at an early stage, the Company is not in a position to provide a timeframe or potential chance of success. However, the Company can report that it has made progress in this area, and intends to provide updates as they occur throughout the remainder of this year.



# Key figures

| USD M (except for share data) | Q2 2017 | Q2 2016 | % | 6M 2017 | 6M 2016 | % |
|---|---|---|---|---|---|---|
| **Earnings** | | | | | | |
| Revenue | 47.7 | 95.4 | *-50%* | 118.3 | 151.2 | *-22%* |
| Gross profit | 6.5 | 23.9 | *-73%* | 20.9 | 38.9 | *-46%* |
| EBITDA | 3.0 | 21.6 | *-86%* | 14.2 | 33.5 | *-58%* |
| Net income attributable to SIAF | 0.4 | 18.8 | *-98%* | 9.1 | 27.4 | *-67%* |
| | | | | | | |
| **Share data** | | | | | | |
| Earnings per share (USD) – basic | 0.02 | 0.90 | *-98%* | 0.4 | 1.3 | *-71%* |
| Earnings per share (USD) – fully diluted | 0.03 | 0.82 | *-96%* | 0.4 | 1.2 | *-69%* |
| Weighted average number of shares (million) | 23.0 | 20.8 | *11%* | 23.4 | 20.4 | *14%* |
| Diluted weighted average number of shares (millions) | 25.2 | 23.6 | *7%* | 25.6 | 23.3 | *10%* |
| | | | | | | |
| **Cash flow** | | | | | | |
| Net cash provided by operating activities | 4.8 | 23.1 | *-79%* | 16.0 | 45 | *-64%* |
| Net cash used in investing activities | -6.3 | -15.4 | *-59%* | -15.7 | -54.1 | *-71%* |
| Net cash provided by (used in) financing activities | -1.0 | -7.7 | *-87%* | -1.0 | 8.9 | *-112%* |
| | | | | | | |
| **Financial position*** | | | | | | |
| Total assets | 794.0 | 683.8 | *16%* | | | |
| Total liabilities | 78.1 | 70.0 | *12%* | | | |
| Total stockholder's equity | 715.9 | 613.8 | *17%* | | | |
| Net debt | 27.0 | 31.3 | *-14%* | | | |
| Capital employed | 743.5 | 645.0 | *15%* | | | |
| | | | | | | |
| **Ratios** | | | | | | |
| *Gross margin (%)* | *13.6%* | *25.0%* | | *17.7%* | *25.7%* | |
| *EBITDA margin (%)* | *6.3%* | *22.6%* | | *12.0%* | *22.2%* | |
| *Return on capital employed (%)* | *1.2%* | *12.8%* | | *3.7%* | *9.9%* | |
| *Total equity ratio (%)* | *90.2%* | *89.8%* | | | | |

*Closing balance for relevant period

Sino Agro Food

# Consolidated income statement

| (USD M) | Q2 2017 | Q2 2016 | 6M 2017 | 6M 2016 |
|---|---|---|---|---|
| Sale of goods | 47.7 | 76.1 | 105.2 | 118.8 |
| Consulting and service income from development contracts | - | 18.9 | 13.2 | 31.7 |
| Commission and management fee | - | 0.3 | - | 0.7 |
| **Total revenue** | **47.7** | **95.4** | **118.3** | **151.2** |
| | | | | |
| Sale of goods | -41.2 | -58.1 | -88.6 | -89.3 |
| Consulting and service income from development contracts | - | -13.4 | -8.8 | -22.9 |
| Commission and management fee | - | - | - | - |
| **Cost of goods sold and services** | **-41.2** | **-71.5** | **-97.4** | **-112.3** |
| | | | | |
| Sale of goods | 6.5 | 18.0 | 16.5 | 29.4 |
| Consulting and service income from development contracts | - | 5.5 | 4.4 | 8.7 |
| Commission and management fee | - | 0.3 | - | 0.7 |
| **Total gross profit** | **6.5** | **23.9** | **20.9** | **38.9** |
| | | | | |
| General and administrative expenses | -5.8 | -3.3 | -11.9 | -7.6 |
| **Net income from operations** | **0.7** | **20.6** | **9.1** | **31.3** |
| | | | | |
| Government grant | 0.3 | - | 0.5 | 0.3 |
| Other income | - | 0.1 | - | 0.2 |
| Gain of extinguishment of debts | - | - | - | - |
| Interest expense | -0.7 | -1.0 | -1.2 | -2.1 |
| **Net income (expenses) before income taxes** | **0.2** | **19.7** | **8.3** | **29.7** |
| | | | | |
| Provision for income taxes | - | - | - | - |
| Share of income from unconsolidated equity investee | 1.3 | - | 4.1 | - |
| **Net income** | **1.5** | **19.7** | **12.4** | **29.7** |
| | | | | |
| Less: Net (income) loss attributable to the NCI | -1.2 | -6.4 | -3.3 | -11.0 |
| Net income from discontinued operations | - | 5.8 | - | 9.4 |
| Net gain from disposal of subsidiaries, TRW and JFD | - | - | - | - |
| Less: Net (income) loss attributable to the NCI | - | -0.4 | - | -0.7 |
| **Net income attributable to SIAF** | **0.4** | **18.8** | **9.1** | **27.4** |
| | | | | |
| Foreign currency translation gain (loss) | 6.8 | -4.0 | 8.0 | -3.2 |
| Less: other comprehensive income attributable to the NCI | -0.9 | 0.9 | -1.0 | 0.7 |
| **Comprehensive income attributable to SIAF** | **6.4** | **15.7** | **16.0** | **25.0** |
| | | | | |
| **Earnings per share attributable to SIAF:** | | | | |
| **from continuing and discontinued operations:** | | | | |
| Basic (USD per share) | 0.02 | 0.90 | 0.39 | 1.34 |
| Diluted (USD per share) | 0.03 | 0.82 | 0.38 | 1.24 |
| | | | | |
| **Weighted average number of shares outstanding:** | | | | |
| Basic (in million shares) | 23.0 | 20.8 | 23.4 | 20.4 |
| Diluted (in million shares) | 25.2 | 23.6 | 25.6 | 23.3 |

# Consolidated balance sheet

| (USD M) | 30-Jun 2017 | 31-Mar 2017 |
|---|---|---|
| Cash and cash equivalents | 3.6 | 4.0 |
| Inventories | 75.3 | 67.9 |
| Costs and estimated earnings in excess of billings on uncompleted contracts | 1.2 | 1.2 |
| Deposits and prepayments | 94.0 | 84.7 |
| Accounts receivable net of allowance for doubtful accounts | 105.6 | 123.1 |
| Other receivables | 60.7 | 55.8 |
| **Total current assets** | **340.5** | **336.8** |
| Plant and equipment net of accumulated depreciation | 200.9 | 193.3 |
| Construction in progress | 40.4 | 41.4 |
| Land use rights net of accumulated amortization | 54.0 | 53.5 |
| **Total plant and equipment** | **295.2** | **288.3** |
| Goodwill | 0.7 | 0.7 |
| Investment in unconsolidated equity investee | 143.1 | 141.9 |
| Proprietary technologies net of accumulated amortization | 9.8 | 10.0 |
| Long term investment | 0.7 | 0.7 |
| Temporary deposits paid to entities for investments in SFJV companies | 15.6 | 15.6 |
| **Total other assets** | **170.1** | **168.9** |
| **TOTAL ASSETS** | **805.8** | **794.0** |
| | | |
| Accounts payable and accrued expenses | 14.5 | 11.6 |
| Billings in excess of costs and estimated earnings on uncompleted contracts | 5.6 | 5.6 |
| Due to a director | 0.3 | 2.8 |
| Other payables | 3.5 | 15.4 |
| Borrowings - Short term bank debts | 1.5 | 2.9 |
| Negotiable promissory note | 1.2 | 1.2 |
| Income tax payable | 0.0 | 0.0 |
| **Current liabilities** | **26.6** | **39.4** |
| Other payables | 17.4 | 11.2 |
| Borrowings - Long term debts | 5.9 | 5.8 |
| Convertible notes payables | 22.0 | 21.7 |
| **Non-current liabilities** | **45.3** | **38.7** |
| **TOTAL LIABILITIES** | **71.9** | **78.1** |
| | | |
| Common stock: $0.001 par value | 0.0 | 0.0 |
| Additional paid - in capital | 164.9 | 155.7 |
| Retained earnings | 463.7 | 463.3 |
| Accumulated other comprehensive income | 2.6 | -3.4 |
| Treasury stock | -1.3 | -1.3 |
| **Total SIAF stockholders' equity** | **629.9** | **614.4** |
| Non - controlling interest | 103.9 | 101.5 |
| **TOTAL STOCKHOLDER'S EQUITY** | **733.8** | **715.9** |
| | | |
| **TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY** | **805.8** | **794.0** |

Sino Agro Food

## Consolidated statement of cash flows

| (USD M) | Q2 2017 | Q2 2016 | 6M 2017 | 6M 2016 |
|---|---|---|---|---|
| Net income for the period | 1.5 | 25.5 | 12.4 | 91.8 |
| **Adjustments to reconcile net income from operations to net cash from operations:** | | | | |
| Share of income from unconsolidated equity investee | - | - | -4.1 | - |
| Depreciation | 2.4 | 1.0 | 4.5 | 2.9 |
| Amortization | 0.7 | 0.4 | 1.3 | 2.0 |
| Gain on deemed disposal of subsidiaries | - | - | - | - |
| Common stock issued for services | 2.0 | 0.2 | 4.0 | 0.4 |
| Gain on extinguishment of debts | - | - | - | -0.1 |
| Other amortized cost | 0.7 | 1.2 | 1.4 | 5.5 |
| **Cash flow from operating activities before change in wc** | **7.3** | **28.3** | **19.4** | **102.3** |
| Change in inventories | -7.4 | -3.5 | -12.8 | -16.9 |
| Change in costs and estimated earnings in excess | -0.5 | - | -0.5 | - |
| of billings on uncompleted contacts | -3.0 | - | - | -1.3 |
| Change in deposits and prepaid expenses | -2.4 | 7.3 | -4.5 | 4.7 |
| Change in due to a director | -2.5 | 0.1 | -1.8 | 3.0 |
| Change in accounts payable and accrued expenses | 3.0 | 7.1 | 5.8 | -12.8 |
| Change in other payables | -5.7 | -0.7 | 3.7 | 3.7 |
| Change in accounts receivable | 17.6 | -3.4 | 17.3 | -31.2 |
| Costs and estimated earnings on uncompleted contracts | 3.5 | -1.4 | 3.0 | 0.6 |
| Change in other receivables | -5.0 | -10.5 | -13.6 | -7.5 |
| **Change in working capital** | **-2.5** | **-5.1** | **-3.4** | **-57.6** |
| **Cash flow from operating activities** | **4.8** | **23.1** | **16.0** | **44.6** |
| Purchases of property and equipment | -4.7 | -2.2 | -9.4 | -4.6 |
| Investment in unconsolidated equity investee | - | -0.2 | - | - |
| Payment for construction in progress | -1.6 | -13.1 | -6.3 | -49.5 |
| **Net cash used in investing activities** | **-6.3** | **-15.4** | **-15.7** | **-54.1** |
| Proceeds from short term debt | - | - | - | 3.8 |
| Repayment of short term bank debt | - | - | - | -4.1 |
| Series F Non-convertible preferred stock redemption | - | - | - | -3.1 |
| Proceeds from convertible note payable | - | - | - | 12.9 |
| Repayment of convertible note payable | - | - | - | -3.0 |
| Convertible note payable repaid through director's account | - | -7.7 | - | - |
| Bond payable (repaid)/raised | - | - | - | -1.7 |
| Proceeds from negotiable promissory notes | - | -0.5 | - | 3.9 |
| Repayment of long term debts | -1.5 | 0.4 | -1.5 | -0.4 |
| Capital contribution from non-controlling interest | 0.4 | - | 0.4 | 0.8 |
| **Net cash (used in) provided by financing activities** | **-1.0** | **-7.7** | **-1.0** | **8.9** |
| Effects on exchange rate changes on cash | 3.5 | 0.8 | 1.7 | 4.8 |
| **Increase in cash and cash equivalents** | **0.9** | **0.7** | **1.0** | **4.2** |
| Cash and cash equivalents, beginning of period | 4.0 | 2.6 | 2.6 | 3.0 |
| Cash and cash equivalents, end of period | 3.6 | 3.3 | 3.6 | 7.2 |

Sino Agro Food

## 5-year summary

| USD million (except for share data) | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| **Earnings** | | | | | |
| Revenue | 342,9 | 429,1 | 404,3 | 261,4 | 138,6 |
| Gross profit | 83,9 | 111,2 | 129,3 | 101,5 | 69,8 |
| EBITDA | 102,6 | 97,3 | 119,6 | 98,3 | 63,8 |
| Net income attributable to SIAF | 115,0 | 65,3 | 92,1 | 74,2 | 57,5 |
| | | | | | |
| **Share data** | | | | | |
| Earnings per share (USD) – basic | 5,46 | 3,63 | 5,81 | 6,14 | 6,93 |
| Earnings per share (USD) – fully diluted | 5,00 | 3,59 | 5,56 | 5,76 | 6,24 |
| Weighted average number of shares (million) | 18,0 | 18,0 | 15,8 | 12,1 | 8,3 |
| Diluted weighted average number of shares (millions) | 23,2 | 18,3 | 16,6 | 12,9 | 9,3 |
| | | | | | |
| **Cash flow** | | | | | |
| Net cash provided by operating activities | 92,5 | 44,6 | 22,0 | 84,2 | 44,4 |
| Net cash used in investing activities | -59,2 | -59,2 | -31,5 | -93,3 | -44,4 |
| Net cash provided by (used in) financing activities | 8,2 | 2,6 | 9,9 | 0,9 | 6,9 |
| | | | | | |
| **Financial position*** | | | | | |
| Total assets | 765,7 | 639,5 | 532,7 | 367,5 | 243,1 |
| Total liabilities | 61,7 | 70,6 | 70,5 | 35,9 | 26,0 |
| Total shareholders equity | 703,9 | 568,9 | 462,2 | 331,6 | 217,1 |
| Net debt (cash) | 28,5 | 39,0 | 24,2 | 7,8 | -4,1 |
| Capital employed | 732,4 | 607,9 | 486,4 | 339,4 | 213,0 |
| | | | | | |
| **Ratios** | | | | | |
| *Gross margin (%)* | *24,5%* | *25,9%* | *32,0%* | *38,8%* | *50,4%* |
| *EBITDA margin (%)* | *29,9%* | *22,7%* | *29,6%* | *37,6%* | *46,0%* |
| *Return on capital employed (%)* | *13,5%* | *12,2%* | *23,7%* | *26,9%* | *33,1%* |
| *Total equity ratio (%)* | *91,9%* | *89,0%* | *86,8%* | *90,2%* | *89,3%* |

*Closing balance for relevant period

# Reconciliation of non-U.S. GAAP measures to U.S. GAAP

In this report we sometimes refer to non-U.S. GAAP measures that we and securities analysts use in measuring Sino Agro Food's performance. We believe that these measures assist investors and management in analyzing trends in the Company's business for the reasons given below. Investors should not consider these non-U.S. GAAP measures as substitutes, but rather as additions, to financial reporting measures prepared in accordance with U.S. GAAP. It should be noted that these measures, as defined, may not be comparable to similarly titled measures used by other companies.

## Use of non-U.S. GAAP financial information

Sino Agro Food's ("SIAF") financial information includes information prepared in conformity with U.S. Generally Accepted Accounting Principles (US GAAP) as well as non-U.S. GAAP information. It is management's intent to provide non-U.S. GAAP financial information to enhance understanding of our consolidated financial information as prepared in accordance with U.S. GAAP. This non-U.S. GAAP information should be considered by the reader in addition to, but not instead of, the financial reporting measures prepared in accordance with U.S. GAAP. The non-U.S. GAAP financial information presented may be determined or calculated differently by other companies.

### Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

EBITDA is a non-U.S. GAAP measurement. Management uses EBITDA because it believes that such measurements are widely accepted financial indicators used by investors and analysts to analyze and compare companies on the basis of operating performance and that these measurements may be used by investors to make informed investment decisions.

| (USD M) | Q2 2017 | Q2 2016 | 6M 2017 | 6M 2016 |
|---|---|---|---|---|
| Net income from operations | 0.7 | 20.6 | 9.1 | 31.3 |
| Depreciation and Amortization | 2.4 | 1.0 | 5.1 | 2.3 |
| **EBITDA (Non-U.S. GAAP Measure)** | **3.0** | **21.6** | **14.2** | **33.5** |

### Return on Capital Employed ("ROCE")

SIAF believes Return on Capital Employed (ROCE) is a good indicator of long-term company and management performance, both absolute and relative to SIAF's primary peer group. ROCE is a measure of the profitability of SIAF's capital employed in its business compared with that of its peers. SIAF calculates ROCE as a ratio, the numerator of which is Net income plus Interest expense, and the denominator of which is average Total stockholder's equity plus total interest bearing liabilities.

| (USD M) | Q2 2017 | Q2 2016 | 6M 2017 | 6M 2016 |
|---|---|---|---|---|
| **Numerator** | | | | |
| Net income | 1.5 | 19.7 | 12.4 | 29.7 |
| Interest Expense | 0.7 | 1.0 | 1.2 | 2.1 |
| **ROCE Earnings (Non-U.S. GAAP Measure)** | **2.3** | **20.7** | **13.6** | **31.8** |
| **Denominator** | | | | |
| **Capital employed* (Non-U.S. GAAP Measure)** | **743** | **645** | **743** | **645** |
| **ROCE (Non-U.S. GAAP Measure)** | **1.2%** | **12.8%** | **3.7%** | **9.9%** |

*Closing balance of Total stockholder's equity and Net Debt

## Net Debt

Management uses Net Debt, along with other factors, to evaluate SIAF's financial condition. Management believe that Net Debt is an appropriate supplemental measure of financial condition and may be useful to investors because it provides a more complete understanding of our financial condition before the impact of our decisions regarding the appropriate use of cash and liquid investments.

Net Debt include the aggregate interest bearing debt obligations in SIAF's consolidated balance sheet, less the balance sheet line item Cash and cash equivalents.

| (USD M) | 30-Jun 2017 | 31-Mar 2016 |
|---|---|---|
| Borrowings - Short term bank debts | 1.5 | 2.9 |
| Negotiable promissory note | 1.2 | 1.2 |
| Borrowings - Long term debts | 5.9 | 5.8 |
| Convertible notes payables | 22.0 | 21.7 |
| Cash and cash equivalents | -3.6 | -4.0 |
| **Net Debt (Non-U.S. GAAP Measure)** | **27.0** | **27.6** |

# This is Sino Agro Food

SIAF is a specialized investment company focused on protein food. The Company produces, distributes, markets, and sells sustainable seafood and beef to the rapidly growing middle class in China. Activities also include production of organic fertilizer and produce. SIAF is a global leader in developing land based recirculating aquaculture systems ("RAS"), and with its partners is the world's largest producer of sustainable RAS prawns.

Founded in 2006 and headquartered in Guangzhou, the Company had over 550 employees and revenue of USD 343 million in 2016. Operations are located in Guangdong, Qinghai, and Hunan provinces, and in Shanghai. Sino Agro Food is a public company listed on OTCQX U.S. Premier in the United States and on the Oslo Børs' Merkur Market in Norway.

**Integrated Cattle (SJAP)**
Integrated Cattle Farm refers to the operation of SJAP in manufacturing and sales of Organic Fertilizer, bulk livestock feed, concentrated livestock feed, and the sales of live cattle inclusive of:
(b). Cattle that are not being slaughtered in our own slaughterhouse operated by Qinghai Zhong He Meat Products Co., Limited ("QZH". These are sold live to third party livestock wholesalers.
(a). Cattle that are sold to QZH and slaughtered, deboned and packed by QZH. The sales of deboned and packed meats by QZH are sold to various meat distributors, wholesalers and super market chains and our own retail butcher stores

**Organic Fertilizer (HSA)**
Hunan Shenghua A Power Agriculture Co. Ltd. ("HSA") manufactures and sells organic fertilizer.

**Cattle Farms (MEIJI)**
Cattle Farm refers to the operations of Cattle Farm (1) under Jiangmen City Hang Mei Cattle Farm Development Co. Ltd ("JHMC"). Cattle are sold live to third party livestock wholesalers who in turn resell them mainly in Guangzhou and Beijing livestock wholesale markets. The financial statements of JHMC are consolidated into MEIJI as one entity along with MEIJI's operation in the consulting and service for development of other Cattle Farms (i.e., Cattle Farm 2) or related projects.

**HU Plantation (JHST)**
Plantation refers to the operations of Jiangmen City Heng Sheng Tai Agriculture Development Co. Ltd. ("JHST") The HU Plantation business grows, harvests and sells dragon fruit flowers (dried and fresh) and immortal vegetables to wholesale and retail markets JHST's financial statements are consolidated into the financial statements of Macau EIJI Company Ltd. ("MEIJI") as one entity.

**SIAF Corporate / Seafood & Meat Trading**
SIAF Corporate / Seafood & Meat Trading refers to the business operations of Sino Agro Food, Inc., including import / export business and consulting and service operations provided to projects that are not included in the above categories, and are not limited to corporate affairs.

**Aquaculture Project Development**
Aquaculture Project Development refers to the operations of Capital Award Inc. (CA) covering its engineering, technology and consulting service management of fishery operations. CA sells Engineering and Technology Services via Consulting and Service Contracts for the development, construction, and supply of plant and equipment, and management of fishery (and prawn or shrimp) farms and related business operations, including the Zhongshan New Prawn Project ("ZSNP").

## Definitions and SEC filings

Please refer to our Form 10-K for definitions of terms used in this report. Filings with the SEC of Sino Agro Food's annual report to stockholders, annual report on Form 10-K, quarterly reports on Form 10-Q, proxy statements, management certifications, press releases, current reports on Form 8-K and other documents are available at the SEC's website www.sec.gov and at Sino Agro Food's corporate website.

## Accounting policies

Sino Agro Food prepares its financial statements in accordance with the Generally Accepted Accounting Principles (US-GAAP) as adopted by the Financial Accounting Standards Board.

## Safe Harbor Statement

This report contains statements that are not historical facts but rather forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include those that adress activities, events or developments that Sino Agro Food, Inc. or its management believes or anticipates may occur in the future. All forward-looking statements, including without limitation, management's examination of historical operating trends and data, as well as estimates of future sales, operating margin, cash flow, effective tax rate or other future operating performance or financial results, are based upon our current expectations, various assumptions and data available from third parties. Our expectations and assumptions are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that such forward-looking statements will materialize or prove to be correct as forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors which may cause actual future results, performance or achievements to differ materially from the future results, performance or achievements expressed in or implied by such forward-looking statements. Because these forward-looking statements involve risks and uncertainties, the outcome could differ materially from those set out in the forward-looking statements for a variety of reasons, including without limitation, changes in global light vehicle production; fluctuation in vehicle production schedules for which the Company is a supplier, changes in general industry and market conditions, changes in and the successful execution of our capacity alignment, restructuring and cost reduction initiatives discussed herein and the market reaction thereto; loss of business from increased competition; higher raw material, fuel and energy costs; changes in consumer and customer preferences for end products; customer losses; changes in regulatory conditions; customer bankruptcies or divestiture of customer brands; unfavorable fluctuations in currencies or interest rates among the various jurisdictions in which we operate; component shortages; market acceptance of our new products; costs or difficulties related to the integration of any new or acquired businesses and technologies; continued uncertainty in pricing negotiations with customers, our ability to be awarded new business; product liability, warranty and recall claims and other litigation and customer reactions thereto; higher expenses for our pension and other postretirement benefits; work stoppages or other labor issues; possible adverse results of pending or future litigation or infringement claims; negative impacts of antitrust investigations or other governmental investigations and associated litigation (including securities litigation) relating to the conduct of our business; tax assessments by governmental authorities and changes in our effective tax rate; dependence on key personnel; legislative or regulatory changes limiting our business; political conditions; dependence on and relationships with customers and suppliers; and other risks and uncertainties identified under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Reports and Quarterly Reports on Forms 10-K and 10-Q and any amendments thereto. The Company undertakes no obligation to update publicly or revise any forward-looking statements in light of new information or future events. For any forward-looking statements contained in this or any other document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and we assume no obligation to update any such statement.

# Additional information

## Financial information

Additional financial information and notes to the financial statements is available in the Company's 10-K report, available on the Company's website.

## Press and analyst conference

Sino Agro will host a conference call on August 30, 2017 at 16.00 CET. The conference call can be accessed via our home page www.sinoagrofood.com. The annual and quarterly reports are also published on sinoagrofood.com.

## The Company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