

【For Immediate Release】



天韵國際控股有限公司
Tianyun International Holdings Limited
(Stock code : 6836.HK)

Announces 2018 Annual Results

**Continuous fast growing own brand business
led to 19.3% surge on net profit to RMB 150 million**

Declared a final dividend of HKD 0.027 per share

The latest model and largest SOE in Sichuan becomes a major shareholder

Future development would be boosted

Financial Highlights

| For the year ended 31 December (RMB million) | 2018 | 2017 | Change |
|---|--------------|-------------|---------------|
| Revenue | 940.5 | 745.5 | +26.2% |
| Gross Profit | 263.3 | 204.3 | +28.9% |
| Net Profit | 147.5 | 123.6 | +19.3% |
| Revenue from own brand business | 482.3 | 322.1 | +49.7% |
| Earning per share (RMB) | 0.151 | 0.126 | +19.8% |
| Declared final dividend (HK cent) | 2.7 | 2.6 | +3.8% |
| Full year total dividends(HK cent) | 4.4 | 4.2 | +4.8% |

(Hong Kong, 27 March 2019) **Tianyun International Holdings Limited (“Tianyun International”, together with its subsidiaries, the “Group”)**, a leading seller and manufacturer of processed fruits products in China, announced its results for the six months ended 31 December 2019 (“Year under Review”). During the Year under Review, the Group has garnered fruitful results in both business expansion and internal improvements. Sales climbed steadily and annual results continued to maintain robust and rapid growth. Among such accomplishments, the Group has achieved positive progress in the areas of brand reputation, new product categories, industrial partnerships, strategic investments and future development strategies. Further, Sichuan Development International Holdings Company Limited (四川發展國際控股有限公司) (“SDIH”) has formally become the single largest shareholder of the Group since 22 October 2018, and has entered into a memorandum of understanding (“MOU”) with the Group. Both parties will fully leverage their own strengths in working

together and realise various business synergies in mid and long-term development, laying vital groundwork for the Group to create a world-renowned brand and build an everlasting enterprise.

During the Year under Review, the Group was honored with the title of “2017 Linyi Mayor’s Quality Award”, and was also awarded the “2018 China Canned Food Leading Brand” and “2018 China Canned Food Leading Enterprise” by China Canned Food Industry Association. Meanwhile, with its outstanding brand value and influence, the Group made a consecutive appearance in the Most Valuable Chinese Brands List as the brand value of the Group reached RMB880 million.

During the Year under Review, the Group recorded increases in revenue, gross profit and net profit of 26.2%, 28.9% and 19.3% to RMB 940.5 million, RMB263.3 million and RMB 147.5 million, respectively. Basic earnings per share increased by 19.8% to RMB0.151, of which our own brand business continues to be successful as its revenue even increased by 49.7% to RMB 482.3 million, representing 51.3% of the Group’s total revenue and constituting the Group’s most significant segment revenue. The Group has become a food and consumer goods enterprise led by our own brand. In view of the Group’s excellent results and ample cash flow, the Board recommends the distribution of final dividends of HKD 0.027 per share for the end of 2018.

Targeted Own Brand sales strategies further consolidated the Group’s market leadership

During the Year under Review, the Group’s own brand business has grown steadily, amounting to 51.3% of total revenue, representing a year-on-year increase of 49.7%. For online sales, the Group continued to optimise e-commerce platform operations to enhance brand image, among which the fruit zz product series, primarily sold online, has become currently one of the most popular canned fruit brands among youths. During the Year under Review, revenue from online sales amounted to RMB 71.8 million.

After years of hard work, the geographical coverage of our own brand products further covers 24 provinces, direct municipalities and autonomous regions across China. During the Year under Review, the Group actively responded to the everchanging consumer market, continuously raising product quality, enhancing product packaging, adding more fashionable and leisure elements, launching more fruit flavours of various specifications and packaging to satisfy consumer demands for varied tastes and preferences. At the same time, the Group continued to actively expand its snack and beverage product line, launching various new products to cement its brand position. In the fourth quarter of 2018, the Group launched a pure fruit snack, which has been launched simultaneously online and offline in Mainland China and Hong Kong to rave reviews. Furthermore, the Group has obtained production licenses for functional beverages in the PRC, and successfully researched and developed proprietary formula for a series of sports and energy functional drinks, which will be launched to the market under our own brand this year subject to market conditions.

The Group will continue to maintain a parallel online and offline sales model, with mass consumer platforms TMall and WeChat Business continue to be the Group’s main online sales channel. The

Group is working to enter into partnerships with trending online shopping platforms and online live entertainment platforms to raise name awareness and boost brand promotional efforts. At the same time, the Group is actively expanding distribution channels such as chain supermarkets, strengthening cooperation with local distributors for more comprehensive marketing activities.

OEM as a parallel development strategy for exploring opportunities in developed markets

During the Year under Review, the OEM business continued to develop steadily as we worked closely with renowned international food brands, and we increased strategic cooperation in different regions to improve impact in international markets. Demand for “Made in China” processed fruit products remained massive in developed countries. In view of that, the Group will continue to source more quality customers in developed regions such as Canada, Europe, Australia, New Zealand and Japan to increase our international market share. During the year, revenue from our OEM business increased to RMB 362.3 million, representing 38.5% of the Group’s total revenue.

Health awareness arises giving room for fresh fruits market

The Group believes that sales of fresh fruits from the PRC has always held a strong edge both domestically and overseas, and the Group has accumulated years of experience in this field. During the Year under Review, the Group continued to select and resell a small portion of fresh fruits to wholesalers of fresh fruit in the PRC, with revenue amounting to RMB 95.9 million. As our product line further expands to tropical and subtropical regions, the Group intends to increase the share of fresh fruit sales and gradually turn to mid to high end fresh fruits.

Continued expansion in production capacity for broader fruits coverage

The Group continued to advance the enhancement and upgrade of its production facilities, in order to raise its production efficiency and capacity. The preparations for production workshops No. 5 and No. 6 are currently under active process. Further, the production and business development of the Group's production and distribution base in Hubei is also progressing smoothly which has effectively increased the production capacity of fruits in the subtropical region such as canned tangerines and the existing processed fruits of the Group in 2018, which will facilitate the Group's storage and transportation arrangements for its own branded products in central China, and will develop more subtropical fruit products in the future.

The Group also intends to further expand its production base in the future to gradually expand from subtropical to tropical regions such as western China and Southeast Asian countries, to include broader fruit varieties and increase overall production capacity.

Deseasonalization achieved positive results, with new products and Research and Development (“R&D”) as new drivers

During the Year under Review, the Group firmly implemented its operating goal of deseasonalization. Its newly developed trans fat free snack, which can be stored at room temperature, was awarded the "Invention Patent Certificate" by the State Intellectual Property Office of PRC for its advanced product technology, for a patent term of twenty years. Response has been positive upon its launch in the PRC and Hong Kong markets. In future, the Group will conduct market segmentation, comprehensive upgrading and launch of products with more variety of flavours and specifications, highlight product features and uniqueness as well as enhance promotional efforts to boost order volume.

During the year, the Group attended the 99th China Food and Drinks Fair held in Changsha, Hunan, where our new product for the year, the "妖果季" canned fruits in apricot flavour was launched to the world. "妖果季" uses glass packaging and mainly targets the food and beverage channel, and may be enjoyed as a delicious fruit platter in buffet services. It has been tremendously popular with customers since its release. Mandarin and assorted flavours are set to follow as an important extension of the Group's product line, to satisfy and meet the tastes and demands of different consumers. Further, for product packaging, the Group is actively researching more environmentally friendly and convenient alternatives to tinned cans, plastic bottles and glass jars for canned food packaging. New forms of packaging are instrumental to increasing product variety and specifications as well as raising order volume.

Mr. Yang Ziyuan, Chairman and CEO of the Group commented, "2018 marked important milestone in the history of the Group's development. I believe, Tianyun International and Sichuan Development will achieve synergies and complementary advantages in future cooperation. On one hand, Sichuan Development has solid capital strength, good market reputation and diversified business layout, which can provide strong support for the Group; on the other hand, the Group has professional management team as well as has accumulated rich experience and network in terms of resource acquisition, capital operation and industrial chain integration in deep processing of agricultural foods all these years. Both parties will, not only leverage own advantages, but to carry out in-depth cooperation for a planned investment of RMB1 billion in the next three years in agricultural food projects.

The Group has successfully transformed into a consumer goods company. With the continuous enhancement of our strength, increased investment in R&D and sales channels, we will continue adhering to our principle of providing healthy, delicious, safe and convenient fruit products for consumers. Striving to become one of the leading companies in China and international fruit products, we will work hard on bringing sustainable and stable investment returns to shareholders and investors."

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About Sichuan Development Holding Company Limited

Sichuan Development Holding Company Limited is a late model state-owned enterprise in the PRC. It is a

wholly-owned company of the Sichuan Provincial People's Government. The level of its consolidated assets exceeds RMB100 billion. It is one of the largest state-owned enterprises in Sichuan Province, mainly engaged in financing, investment, and asset management. Its business scopes include transportation, energy, finance, mining, infrastructure and real estate, modern services, strategic emerging industries, etc.

About Tianyun International Holding Limited (Stock Code: 6863.HK)

Tianyun International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in (i) the production and sales of processed fruit packaged in metal containers, plastic cups, glass containers and aluminium foil bags ii) trading of fresh fruit. Processed fruit products are sold both under our own brands and on an OEM basis.

The Group has been consistently committed to provide healthy and safe products to its customers. As one of the food enterprises with the most complete quality certifications, we have always been dedicated to following stringent international production standards and are accredited with BRC (A), IFS Food (High), FDA, HALAL, SC, KOSHER, BSCI and ISO22000 in respect of our production facilities, quality control and management. The Group has also passed the internal food production standard reviews and audits from some of the UK and US supermarket chains. At the same time, within China, as a "Equal production line; Equal standard; Equal quality" food production and export enterprise, the Group has been supplying products of equivalent quality to domestic and international markets. Since 2016, the Group's own brand processed fruit products have continued to obtain a high degree of market recognition, and have been awarded by a national institution the honour and qualification of "China Canned Product Quality Certification Label", become the first fruit processor in China's fruit processing industry to put the "Zero Added Preservative Canned Products" label for its products sold in China.

The Group was awarded 2017 China's Most Promising Listed Companies by the internationally renowned financial magazine Forbes and became the only integrated food production and sales enterprise in Linyi City, Shandong Province, which was awarded the "2017 Linyi Mayor Quality Award". The Group's newly researched and developed pure fruit snack food also received the "Certificate of Invention Patent" from the State Intellectual Property Office of the People's Republic of China in 2018.

For more information, please visit www.tianyuninternational.com

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