Sino Agro Food, Inc. Reports Q1 2018 Results and Board Approves Dividend

Dividend of USD .05 for 2018; USD.10 for 2019

Revenue of USD 33.7M; EPS of USD .17

Restructured Businesses Show Positive Results

May 21, 2018

GUANGZHOU, China-- Sino Agro Food, Inc. (OTCQX: SIAF | OSE: SIAF-ME), a specialized investment company focused on protein food including seafood and cattle announces results for the quarter ending March 31, 2018.

Dividend Approval

Under the advisement of its Board of Directors, the Company has decided to issue the following cash dividends for Fiscal Years 2018 and 2019:

- For 2018: $0.05/share to be declared and payable during Q4 2018, date to be determined.
- For 2019: $0.05/share will be declared and paid semi-annually (dates to be determined) for a total cash dividend distribution of $0.10/share for the year. In addition, five percent (5%) of the amount exceeding the Company's annual net income of $20 million in FY2019 will be paid as an additional cash dividend to be declared and payable during the subsequent fiscal year (i.e. sometime during FY 2020).

It is the Company's intention to carry-forward the cash dividend policy being implemented for FY2019 into subsequent years of operation, and will inform its investors as to its cash dividend policy for FY2020, FY2021, etc. as those years approach.

Financials

Revenue from the sale of goods decreased USD 26.1M, or 45.5%, to USD 31.3M for the quarter ended March 30, 2018 when compared on a year over year basis ("YoY"). When compared to Q4 2017, revenue from the sale of goods during Q1 2018 increased USD .6M or 2%. Revenue from project development increased USD 1.8M, or 225%, to USD 2.5M sequentially ("QoQ").

First quarter gross profits totaled USD 6.1M compared to a loss of USD 7.9M QoQ.

Fully diluted earnings per share were USD .17 in the first quarter versus USD .36 YoY and versus a loss of USD 1.04 QoQ.

Overview

Results reflect a reprioritization of businesses according to bottom line performance and guided by stricter cost control and capital expense rationale for each. For instance, throughout 2017:

- Businesses with negative gross margins either had been discontinued or markedly curtailed.
  - SJAP eliminated losses incurred throughout 2017 by discontinuing its QZH slaughtering and deboning subsidiary.
  - SJAP further eliminated losses by limiting its live cattle business to its own farms, settling contracts with cooperative farmers that became unduly onerous due to unsustainable depressed market prices.
- Product mix in the trading business is being transitioned toward higher profit margin items.
- Gross margin is being increased at HSA by transitioning into more efficient production.
- Capital expenditure for all businesses was reduced, most notably at SIAF's equity investee Tri-way, which restricts project development to a percentage of cash flow and as justified by individual projects, until outside cash resources become available to continue development of aquafarms 4 and 5.
- G&A expenses were trimmed USD 2.4M, or 37% from USD 6.5M in Q1 2017 to USD 4.1M in Q1 2018.

As demonstrated by Q1 financials, these changes have resulted in a smaller, but more profitable company, one situated on more solid footing, positioned for growth stronger than before.

It should be noted that the pace and duration of some of the adverse market conditions required immediate action be taken by the Company could not be fully anticipated. Hence, a consequential cash shortfall had ensued requiring an issuance of shares to cover some of the ordinary operational expenses that typically would have been covered through ordinary cash-flow levels in the past.

The Company has adopted austere measures to reduce its dependence on equity funding by approaching it as the exception rather than the rule when it comes to determining which modes of operation are necessary to maintain the Company's outlook over the next two years.

Other Key Points

- SIAF's income from its full 36.6% equity investment in Tri-way ("TW") increased from USD 3.66M in Q4 2017 to USD 3.78M in Q1 2018.
- Revenue from project development at SIAF's wholly owned Capital Award ("CA") subsidiary increased from USD .8M in Q4 2017 to USD 2.5M in Q1 2018.
- These results from TW and from CA reflect Tri-way's "Plan B" strategy, which limits TW's capital expenditures and CA's revenue from project development

attributable to TW to a percentage of TW's net income. TW is still profitable and growing. "Plan A" would greatly accelerate growth upon successful closing of its anticipated debt financing.

- As of March 31 2018, the Company had net working capital of USD 183.9M, a quarterly increase of USD 15.5M.
- Stockholders' equity increased in the quarter by USD 18.7M to USD 631.1M.

Annual Comparison

(USD M, except per share and margin data)	Q1 '18	Q1 '17	%
Revenue	33.7	70.6	(52)%
Gross Profit	6.1	14.4	(58%)
Gross Profit Margin	18.1%	20.4%	(11%)
Earnings Per Diluted Share (FD) (USD) - from continuing and discontinued operations	.17	.36	(53%)

Sequential Comparison

The Company achieved the following results, comparing the first quarter of 2018 to the fourth quarter of 2017:

(USD M, except per share and margin data)	Q1 '18	Q4 '17	%
Revenue	33.7	31.4	8%
Gross Profit	6.1	(7.9)	N/A
Gross Profit Margin	18.1%	N/A	N/A
Earnings Per Diluted Share (FD) (USD) - from continuing and discontinued operations	.17	(1.04)	N/A

The following table breaks out revenue by business segment, comparing the first quarter of 2018 to the fourth quarter of 2017:

Revenue (USD M)	Q1 '18	Q4 '17	%
Integrated Cattle Farm (SJAP)	6.6	15.4	(44%)
Organic Fertilizer (HSA)	2.4	1.8	33%
Cattle Farms (MEIJI)	5.0	(2.7)	N/A
Plantation (JHST)	1.0	1.1	(9%)
Seafood & Meat Trading	16.4	15,0	9%
Sale of Goods Total	**31.4**	**30.6**	**3%**
Project Development Total	**2.5**	**.8**	**200%**
Group total	**33.7**	**31.4**	**8%**

Integrated Cattle (SJAP)

The Integrated Cattle Farm business segment (SJAP) discontinued its value-added processing subsidiary (QZH) December 30, 2017. Factoring out QZH, SJAP revenue increased by USD 2.6 M, or 42% from USD 6.2M in Q4 2017 to USD 8.8M in Q1 2018. Gross profits increased USD .5M, or 28% to USD 2.3M in Q1. QZH had negative gross margin both in Q4 2017 and for the entire year.

Fertilizer, and bulk and concentrated livestock feed contributed USD 1.9M or 83% of Q1 gross profit.

As reported in previous quarters, the cattle market has endured depressed pricing for over 18 months. The Company had already dramatically reduced the sale of live domestic cattle due to unprofitable conditions. Live cattle sales are now generated only from SJAP's own farm without any beef production from cooperative farms, which were generating negative gross margins. Thus, at present SJAP is a smaller business than in previous years but one that generates positive gross profits with good margins (28% in Q1) and requires considerably less capital expenditure.

SJAP is fortunate to enjoy excellent working relationships with various government agencies. These private company/state agency relationships are more important in China than in western countries. Recent discussions have produced progress toward transitioning and growing SJAP's business, while maintaining expense discipline:

- SJAP has developed a cattle and meat trade center ("C&MT") concept to transition from a beef producer into primarily a commercial developer in the cattle industry. During late February 2018 through early March 2018 and supported by local government officials, SJAP hosted a series of investor conferences with financial institutions, developers, traders, fund managers, businessmen, and professionals of various cattle related commercial activities to introduce the C&MT concept. The concept was well received and has drawn initial interest from a highly reputable Guangzhou investment firm, as well as a Government backed securities and investment company. SJAP will work with these institutions to secure the necessary capital to meet its long-term development plan.

- SJAP is preparing documentation required to apply for C&MT permit, which would allow SJAP the right to develop and to operate the C&MT center. The submission is targeted sometime in Q2 2018. The application process takes several months. If granted, the Company is confident it will provide SJAP a lucrative opportunity to develop one of the largest cattle trade centers in China.

Organic Fertilizer (HSA)

Revenue at HSA increased by USD .6M, or 33% from USD 1.8 M in Q4 2017 to USD 2.4M in Q1 2018. Gross profits increased by USD .25M or 50% from USD .5M in Q4 2017 to USD .75M in Q1 2018.

HSA's production has been capacity constrained due to the retrofitting of a production plant. Production increased by 16% QoQ in Q1 2018 to 4,161 MT of Organic fertilizer compared to Q4 2017's 3,578 MT, and by 21% to 3,100 MT of Organic Mixed Fertilizer in Q1 2018 compared to Q4 2017's 2,566 MT.

The Company expects continued quarterly production increases in the short term.

Cattle Farms (MEIJI)

Revenue for Q1 2018 totaled USD 5.0M and generated a gross profit of USD .5M.

The MEIJI farms are growing and fattening Asian Yellow Cattle ("AYC"). The domestic prices of AYC have not being affected by imports; however, their growth rate is slower due to small stature, which in turn reduces volume and therefore sales. AYC generates higher gross profits. For example, AYC sales of $20.4 million in 2017 produced $3.77 million in gross profit compared to $1.5 million of gross profit derived from WOBC sales of $29.8 million in 2016.

This quarter some of the AYC being stocked have not reached sufficient sizes to market, due to the Chinese New Year break, because cattle purchased after the CNY have less time to be fattened enough to meet sales in the same quarter. Therefore, the Company expects increased sales and gross profit next quarter.

Plantation (JHST)

Revenue at JHST decreased by USD .05M, or 5% from USD 1.1M in Q4, 2017 to USD 1.05M in Q1 2018. Gross profits also declined by USD .05M or 50% from USD .2M in Q4 2017 to USD .15M in Q1 2018.

JHST is experimenting with a variety of crops that may prove less susceptible to the vagaries of weather in Guangdong province, as well as new processes aimed to mitigate the same issues.

In addition, JHST is processing and repackaging Immortal Vegetable into an herbal health tea product ("HHTP"), which has attracted the interest of one of China's best brand names in health and herbal products. JHST herbal health tea products (The HHTP) have been accepted by one of their franchisees during March 2018.The Company is working on trials with the processor over the coming months with the aim to launch HHTPs onto an e-commerce platform. If HHTP is launched successfully, there is good potential over time for JHST's plantation to generate sustainable sales revenues in excess of 2016 or 2017 levels, with very strong gross margins.

Seafood and Meat Trading (Corporate)

Revenue from Seafood and Meat trading increased by USD 1.4M, or 9% from USD 15.0M in Q4 2017 to USD 16.4M in Q1 2018. Gross profits also increased by USD .05M or 3% from USD 1.7M in Q4 2017 to USD 1.75M in Q1 2018.

The Company expects sales and gross profit on beef imports for the coming quarters will improve as more higher grade goods carrying better margins have been ordered to arrive starting in Q2. Import seafood sales have increased during the quarter and are expected to continue throughout the coming quarters as more suppliers gain confidence in our distribution channels.

Engineering Technology, Consulting and Services -- Project Development (CA)

Revenue from project development increased by USD 1.6M, or 200% from USD .8M in Q4 2017 to USD 2.4M in Q1 2018. Gross profit was USD .8 compared to a loss in the previous quarter.

Profit from this segment is not expected to return to previous levels until cash flow and debt financing is available to carry out Tri-way's fishery development and Vigor's wholesale development. The Company is confident that the pace of revenue growth will rapidly accelerate once Tri-way secures adequate debt financing. The process to secure this funding continues forward, an announcement of which will be made public once its closing takes place.

CEO Commentary

"We are pleased to see our restructuring initiatives take hold as improved operational efficiency strengthened our bottom line results, compared with Q4 2017," commented Mr. Solomon Lee, CEO of Sino Agro Food.

"At SJAP, the Integrated Cattle Farm, we took steps to reduce our fixed costs in response to increased price competition from abroad, including eliminating our QZH slaughtering and deboning subsidiary, and scaling back the live cattle business. Having reorganized these unprofitable business areas, we are now implementing several initiatives to position the Company to build out new revenue streams. Supported by our close ties to local government agencies, we believe our lean operations give us a strong foundation on which to achieve this goal. As an example, we are exploring plans to establish a commercial cattle and meat trade center, which would further diversify the Company's operations within China's protein market and enable us to reposition ourselves in a new but related vertical.

"We also made progress at the HU plantation (JHST), which suffered from unfavorable weather conditions in 2017. To counterbalance the decline in sales, we commenced processing and repackaging a new herbal health tea product, which is already being sold at a franchise of one of China's best brand names in health and herbal products. We are encouraged by this opportunity and are exploring ways to leverage this new revenue stream to generate additional sales.

"The trading business generated improved revenues and gross margins, across both meat and seafood, as our strategy to transition toward higher quality, and higher margin, products positively impacted results. To support this new product mix, we are building out our distribution channels, and believe our early success will continue throughout 2018. Likewise, sales and gross margins improved at HSA as we scaled up production of organic fertilizer, following the completion of the retrofitting of our production plant.

"Tri-way and CA Award generated slightly improved results compared with Q4 2017 as the businesses grow at a gradual pace. We expect the true potential of these operations will be realized if and when Tri-way secures additional funding. Although this process is taking longer than initially expected, this continues to be a core component of the Company's long term growth strategy.

"Given the positive direction the Company is moving in, the Board of Directors has approved a dividend to further its commitment to unlocking value for shareholders. We believe the progress we have made throughout the first quarter demonstrates our flexibility in the face of changing market conditions, our willingness to rapidly identify new growth opportunities, and our ability to execute on these plans. While the business is smaller than it was a year ago, primarily as a result of increased competition from foreign imports, it is also leaner, better organized and well positioned to take advantage of new opportunities. As a result of these strategic changes, we now have a strong foundation on which to strengthen the business and grow the Company's market value," concluded Mr. Lee.

Q1 2018 Interim Report

For detailed segment operational performance and developments, please take the time to read our latest 10-Q filing, or refer to the Q1 2018 Interim Report posted to the Company website at http://sinoagrofood.investorroom.com/download/Sino-Agro-Food_Q1-2018-Interim-Report.pdf.

Earnings Call Information

The Company will host an earnings call on Tuesday, May 29, 2018 at 10:00 AM EDT/4:00 PM CET to discuss quarterly financial results.

Please submit questions by email to info@sinoagrofood.com. These will be organized and answered on the call.

To listen to the conference call please use the following information:

SIAF Q1 2018 Results Call Information	
Date: May 29, 2018	**Time: 10:00 AM, EDT/16:00 PM CET**
Participant Dialing Instructions:	
SE: +46 8 5059 63 06	**UK: +44 203 139 48 30**
NO: +47 23 50 05 59	**CN: +86 400 681 54 21**
US: + 1 (866) 928-7517	
Conference PIN code: 68721650#	
The earnings call will also be available over the web.	
To access, click the following link: Sino Agro Q1 2018 Earnings Call	

About Sino Agro Food, Inc.

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.

News and updates about Sino Agro Food, Inc., including key information, are published on the Company’s website (http://www.sinoagrofood.com), the Company’s Facebook page (https://www.facebook.com/SinoAgroFoodInc), and on twitter @SinoAgroFood.

Forward Looking Statements

This release may contain forward-looking statements relating to the business of SIAF and its subsidiary companies. All statements other than historical facts are forward-looking statements, which can be identified by the use of forward-looking terminology such as “believes,” “expects” or similar expressions. These statements involve risks and uncertainties that may cause actual results to differ materially from those anticipated, believed, estimated or expected. These risks and uncertainties are described in detail in our filings with the Securities and Exchange Commission. Forward-looking statements are based on SIAF’s current expectations and beliefs concerning future developments and their potential effects on SIAF. There is no assurance that future developments affecting SIAF will be those anticipated by SIAF. SIAF 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 under applicable securities laws.

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