

SINO GRANDNESS FOOD INDUSTRY GROUP LIMITED

(Company Registration No. 200706801H)

(Incorporated in Singapore)

(the “Company”)

APPLICATION FOR FURTHER EXTENSION OF TIME TO HOLD ANNUAL GENERAL MEETING AND ISSUANCE OF SUSTAINABILITY REPORT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019 AND RELEASE OF RESULTS ANNOUNCEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020 AND SECOND QUARTER ENDED 30 JUNE 2020

The Board of Directors of Sino Grandness Food Industry Group Limited (the “Company” or “Group”) refers to the Company’s earlier announcements dated 11 February 2020, 2 March 2020, 6 April 2020, 30 April 2020 and 27 May 2020 (the “Earlier Announcements”). Unless otherwise defined, capitalised terms used herein shall have the same meanings ascribed to them in the Earlier Announcements.

The Board of Directors of the Company wishes to announce that the Company had, on 9 July 2020, applied to the Singapore Exchange Securities Trading Limited (the “SGX-ST”):

- For a further extension of time to hold its AGM for FY2019 from the current deadline of 29 June 2020 to 27 September 2020;
- For an extension of time to issue its Sustainability Report for FY2019 from the current deadline of 28 July 2020 to 2 October 2020;
- For a further extension of time to release its 1Q2020 Results Announcement from the current deadline of 15 May 2019 to 16 October 2020; and
- For waiver to comply with Rule 705(2) of the Listing Manual of the SGX-ST and extension of time to release its 2Q2020 Results Announcement from the current deadline of 14 August 2020 to 30 October 2020

(collectively referred to as the “Application”).

The Company had made the Application to the SGX-ST based on the reasons set out below:-

- (a) The Company’s statutory audit progress for the financial year ended 31 December 2019 (“FY2019”) is severely affected by the prolonged lockdown, travel restrictions and/or other measures imposed by Singapore and China governments in response to the COVID-19 outbreak. As a result, the Company’s External Auditors, Foo Kon Tan LLP (“FKT”) who are based in Singapore are restricted from visiting the Group’s operating locations mainly based at four locations in different provinces of China, and the Group’s financial data is kept in its headquarters located at Shenzhen, Guangdong province of China to conduct certain key audit procedures. Given the present situation, key members of FKT are unable to visit China to carry out the on-site audits and review of the subsidiaries’ audits in accordance with the original plan and schedule, nor effectively implement the relevant audit procedures in connection therewith, and

FKT requires additional time to assess the impact on the audited financial statements for FY2019.

The restrictions and/or other measures imposed by the China government which include, amongst others, restrictions on accommodations and travelling in and out of Hubei Province have affected the auditing and reporting process of the subsidiaries. From 23 January 2020 to 8 April 2020, Wuhan is under travel quarantine and no traffic was allowed in or out of the city. Although resumption of work has commenced in most parts of China in April 2020, Hubei Province was still partially locked down at that moment. Since 8 April 2020, companies in Wuhan, not including our subsidiaries, have gradually resumed work. However, as a high-risk area of the COVID-19, if key members of FKT were to visit Wuhan to carry out the on-site audits, they are required to be self-quarantined for 14 days and to accept nucleic acid amplification tests for COVID-19 which usually take around seven days to queue. Therefore, the FKT's field works on the subsidiaries could not proceed as swiftly as it normally would. However, our Group adopted "home office" approach after the COVID-19 outbreak. Under the "home office" arrangement, employees of the non-affected subsidiaries could provide FKT with some basic data (financial accounts, financial tables, etc.), but could not provide further proof for on-site audit works to address certain key audit matters in the Independent Auditor's Report which includes (i) Verification of bank balances; (ii) Advances to suppliers and non-current deposit for machinery which has been outstanding; and (iii) Repayment of loans from DEG – Deutsche Investitions-und Entwicklungsgesellschaft mbH and Soleado Holdings Pte. Ltd., and the status of SAFE approval for the repatriation of funds. FKT have to conduct physical visits to selected distributors, suppliers, vendors, customers, local authorities, and/or banks in China directly to obtain audit evidences. FKT would require approximately 8 weeks from the lifting of international travel restrictions to finalise the audited financial statements for FY2019, provided that no further restrictions will be imposed subsequently. Only certain field works (not related to the key audit matters) have been covered by the component auditors up to the date of this announcement.

- (b) As a result of the operational situation of the following wholly-owned subsidiaries, affected employees do not have direct access to the respective financial data which causes a delay in preparing and finalising the financial results for the first quarter ended 31 March 2020 and second quarter ended 30 June 2020:
- Two of its key wholly-owned subsidiaries of the Company located at Hubei have each received their approval from the relevant authority to resume operations on 8 June 2020. However, the operations will not resume fully as workers will be returning to work progressively in batches. The finance teams of these two subsidiaries are unable to facilitate the audit work of FKT and our quarterly reporting in a timely manner;
 - As the finalisation of the FY2019 accounts had been delayed as mentioned above, the Company anticipated consequential delays in the preparation and finalisation of the 1Q2020 and 2Q2020 Results as the opening balance for the 1Q2020 Results is dependent on the closing balance of the FY2019 accounts; and
 - The change of key personnel in finance team of the Group (i.e. Finance Manager and Chief Financial Officer) in February 2020, April 2020, and May 2020. The disruption of the staff movement has an impact on the accuracy of the financial

information which has caused a delay in finalising the financial results for 1Q2020 and 2Q2020.

- (c) The Company also requires time thereafter to print, perform accuracy checks, distributes its annual report and to observe the 14 days' notice to its shareholders.
- (d) The information in the FY2019 financial statements are critical inputs for the Company's Sustainability Report for FY2019. As such, the Company is of the view that it would be more appropriate and accurate to prepare its Sustainability Report with figures from the audited FY2019 results.

The Company will also be submitting an application to ACRA for the extension of time to 27 September 2020.

The Company will release announcement(s) on the outcome of its Application in due course.

By Order of the Board

Huang Yupeng
Chairman and CEO
9 July 2020