SINO GRANDNESS FOOD INDUSTRY GROUP LIMITED
(Company Registration No. 200706801H)
(Incorporated in Singapore)

ANNOUNCEMENT PURSUANT TO RULE 704(5) OF THE SGX-ST LISTING MANUAL:

- **DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITORS ON THE GROUP'S FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the board of directors (the "**Board**") of Sino Grandness Food Industry Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to inform that the independent auditors of the Company, RT LLP (the "**Independent Auditors**"), have in their Independent Auditors' Report dated 25 April 2025 (the "**FY2022 Independent Auditors Report**"), included a disclaimer of opinion in relation to the financial statements of the Group for the financial year ended 31 December 2022 (the "**FY2022 Audited Financial Statements**").

Relevant sections of the FY2022 Independent Auditors Report are annexed at Appendix I to this announcement.

By Order of the Board

Huang Yupeng
Chairman and CEO
25 April 2025

Appendix I: Extracted from the Independent Auditor's Report to the Audited Financial Statements for the financial year ended 31 December 2022.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SINO GRANDNESS FOOD INDUSTRY GROUP LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of **Sino Grandness Food Industry Group Limited** (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Opening balances of inventories

We had expressed a disclaimer of opinion in our audit report dated 22 January 2024 on the financial statements for the year ended 31 December 2021 due to amongst other things, our inability to observe the counting of the physical inventories as at 31 December 2021, 31 December 2020 and 31 December 2019 or satisfy ourselves concerning those inventory quantities by alternative means. This is because we were appointed auditors of the Company during 2022.

Report on the Audit of the Financial Statements (Cont'd)

Basis for Disclaimer of Opinion (Cont'd)

Opening balances of inventories (Cont'd)

Since opening inventories affect the determination of the profit for the current year, we were unable to determine whether adjustments to the profit, opening retained earnings, opening inventory and changes in equity might be necessary for 2022. Our audit report on the financial statements for the years ended 31 December 2021 and 31 December 2020 also contained a similar basis for disclaimer of opinion.

Use of going concern assumption

As disclosed in Note 2(d) to the financial statements, the Group's and the Company's current liabilities exceeded their current assets by RMB302 million and RMB186 million, respectively, as at 31 December 2022. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's abilities to continue as going concerns.

The Group and the Company has defaulted on the repayment of the loan principal and interest due to a related party, Soleado Holdings Pte. Ltd., of RMB210.0 million as disclosed in Note 21 to the financial statements. Letters of demand has been served on 7 January 2019 and 23 January 2019 demanding immediate payment on the outstanding balance. The extended due date was 6 January 2019 and the initial due date was 16 May 2018.

The Group has also defaulted on the repayment of the Straight Bonds and the Exchangeable Bonds amounting to RMB300.6 million and RMB785.8 million, respectively, as disclosed in Note 22 to the financial statements. Letters of demand has been served on 30 December 2020 and 1 July 2024 demanding immediate payment on the outstanding balance, with the most recent letter requiring repayment by 13 August 2024. The initial due date of the Straight Bonds was 28 September 2017. The Exchangeable Bonds became immediately due on 14 January 2020, after the Long Stop Date pursuant to the Amended and Restated 2018 Restructuring Agreement.

As of the date of our report, there is uncertainty as to whether the Group and the Company are able to meet their contractual obligation in the next twelve months as and when they fall due, and consequently, there is uncertainty as to their respective abilities to continue as going concerns for the next twelve months. Accordingly, we were unable to ascertain the appropriateness of the going concern basis of preparation of the financial statements.

Report on the Audit of the Financial Statements (Cont'd)

Basis for Disclaimer of Opinion (Cont'd)

Use of going concern assumption (Cont'd)

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify certain non-current assets and liabilities as current assets and liabilities respectively.

Bonds

As at 31 December 2022, the Group's bonds was amounted to RMB1.09 billion. On 1 July 2024, Sino Grandness Food Industry Group Limited (the "Company") received the second letter of demand from Goldman Sachs Investments Holdings (Asia) Limited dated 28 June 2024, claiming RMB396,577,356 and USD150,372,476 owed by its subsidiary, Garden Fresh (HK) Fruit & Vegetable Beverage Co., Limited. In the letter, Goldman Sachs indicated that they would take actions to enforce their rights against the Company if the full payment of the claims was not made by 13 August 2024.

At the date of this financial statements, the Group is in the process of finalising the renegotiated term with its bondholders. As the Group has failed to make any payment to the bondholders before the 13 August 2024 deadline stated in the second letter of demands, it exposed the Group to heightened risk of litigation and additional claims from the bondholders. Given the uncertainty around these claims, we were unable to obtain sufficient appropriate audit evidence to support the carrying amount of the Group's bonds as at 31 December 2022 and the corresponding impact to profit or loss for the year then ended.

Report on the Audit of the Financial Statements (Cont'd)

Basis for Disclaimer of Opinion (Cont'd)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act 1967 (the "Act") and the Singapore Financial Reporting Standards (International) ("SFRS(I)"), and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's and the Company's abilities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the *Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on the Audit of the Financial Statements (Cont'd)

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Heng Sot Leng.

RT LLP
Public Accountants and
Chartered Accountants

Singapore, 25 April 2025