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

LOAN TRANSACTION BETWEEN
SOLEADO HOLDINGS PTE. LTD. AND
SINO GRANDNESS FOOD INDUSTRY GROUP LIMITED

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1. Introduction

1.1 Sino Grandness Food Industry Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to, in compliance with Rules 905 and 906 of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual ("**Listing Manual**"), announce that the Company has on 13 April 2016 entered into a convertible loan agreement (the "**Loan Agreement**") with its indirect wholly owned subsidiaries, Grandness (Shanxian) Food Co., Ltd. ("**GSF**"), Shanxi Yongji Huaxin Food Co., Ltd. ("**SYFC**") and Huang Yushan ("**Ms Huang**"), (Ms Huang, GSF and SYFC are collectively referred to as the "**Guarantors**" and each, a "**Guarantor**"), and Soleado Holdings Pte. Ltd. ("**Soleado**" or "**Lender**") for the grant by Soleado to the Company of a loan of US$20 million (the "**Loan**").

1.2 As at the date of this announcement, Soleado directly holds 71,204,735 shares ("**Shares**") (approximately 10.57%) in the issued share capital of the Company (the "**Soleado Shares**"). Soleado is a wholly-owned subsidiary of Thoresen Thai Agencies Public Company Limited ("**TTA**"). Mr. Chalermchai Mahagitsiri, a non-executive director of the Company, holds more than 20% direct and deemed interest in TTA. In addition, PM Group Company Limited ("**PM Group**") directly holds 25,398,965 Shares (approximately 3.78%) in the issued share capital of the Company (the "**PM Group Shares**"). Mr. Chalermchai Mahagitsiri holds a controlling interest in PM Group.

1.3 Pursuant to Section 4 of the Securities and Futures Act, Mr. Chalermchai Mahagitsiri is deemed to be interested in any shares in which (i) TTA has an interest, including any shares in which TTA's wholly-owned subsidiaries, Soleado, has an interest; and (ii) PM Group has an interest. Accordingly, Mr. Chalermchai Mahagitsiri is deemed to be interested in the Soleado and the PM Group Shares, and as at the date of this announcement, the total deemed interest comprises 96,603,700 Shares (approximately 14.35%) in the issued share capital of the Company. Accordingly, Soleado is deemed (as defined in the Listing Manual), an associate of Mr Chalermchai Mahagitsiri.

2. Loan

2.1 Principal Terms of the Loan

The principal terms of the Loan are as follows:

Borrower	:	Company
Lender	:	Soleado
Loan Amount	:	US$20 million
Purpose of Loan	:	60% for capital expenditure and for distribution network expansion for the Group's non-beverage businesses; and 40% for general working capital purposes for the Group's non-beverage businesses
Tenor	:	24 months from the date on which the Loan has been fully credited into the designated account(s) of the Borrower ("**Closing Date**")
Availability Period	:	The period of 60 days from the date of the Loan Agreement.
Interest Rate and Shareholders Approval	:	12% per annum calculated on actual or pro rata / 360 day count basis on the outstanding loan amount, payable after 3 months from Closing Date. However, in the event that Shareholder's Approvals (as defined below) is not obtained, the rate of interest payable on the Loan shall be automatically changed to 16.5% per annum calculated from the Closing Date. Interest shall be calculated from Closing Date, and shall be payable every three months in arrears until the Loan is repaid in full. The interest payments shall commence after 3 months from Closing Date. In the event that Shareholders Approvals (as defined below) is not obtained, Soleado shall have the right to demand that the Loan be repaid in full or any outstanding balance thereof at anytime after the expiry of 6 months from Closing Date.
Conversion Option	:	Subject to the approval of the Company's shareholders ("**Shareholders**") being obtained at an extraordinary meeting to be convened ("**EGM**") pursuant to Rules 803 and 811 and Chapter 9 of the Listing Manual ("**Shareholders' Approvals**"), and after 12 months from the Closing Date or after the date of completion of proposed spin-off relating to the Group's beverage business, whichever earlier, Soleado shall, be entitled to (but not obliged) to convert

the Loan or the outstanding balance thereof, as the case may be, into 50 million new Shares in the capital of the Company, (the "**New Shares**") by sending a prior-written notification ("**Conversion Notice**") to the Company ("**Conversion Option**"). The New Shares shall be priced at S$0.55 (Singapore Dollars Fifty-Five Cent) per New Share or at the 20% discount to the volume weighted average price ("**VWAP**") per Share traded on the SGX-ST during the last 60 market days immediately preceding the date of the Conversion Notice, whichever is the lower (the "**Conversion Price**"). The balance principal amount of the Loan, which are not so converted into the New Shares, shall be deemed to be the outstanding Loan and subject to the interest rate of 12% per annum.

The Conversion Option and Conversion Price are subject to certain adjustments in the event of consolidation or subdivision or reclassification of Shares, capitalization of profits or reserves, excess distributions, rights issues of Shares or options over Shares (excluding employee stock options), rights issues of other securities, issues at less than current market price and other dilutive events.

Conditions Precedent : The obligations of the Lender to make available the Loan are subject to the conditions precedent that:

(i) Soleado having been satisfied with the results of the legal, financial and business due diligence investigations into the business, finance, operations and affairs of the Group;

(ii) the Company providing a certified extract of the board of directors resolutions of the Borrower accepting and approving the Loan, authorizing the execution of this Agreement and all related documentation, the allotment of New Shares pursuant to the Conversion of the Loan and the convening of the EGM;

(iii) the Company shall have procured and delivered to the Lender an original copy of each of the Personal Guarantee (as defined below) and the Group Guarantee (as

defined below); and

(iv) Soleado obtaining corporate approvals to enter into this Agreement and to notify the Borrower in writing of the same forthwith within 45 days from the date of the Loan Agreement, failing which this Agreement shall automatically terminate. Thereafter, the parties may extend the Loan Agreement subject to mutual consent.

Security	:	(a) Personal guarantee by Ms Huang ("**Personal Guarantee**"), a director of the Company and sister of Mr Huang Yupeng, the Chairman and CEO of the Company in favour of Soleado;. (b) Corporate guarantees to be provided by the Company's indirect subsidiaries, (i) GSF and (ii) SYFC ("**Group Guarantee**") in favour of Soleado; and (c) Share charges in respect of the shares of (i) GSF and (ii) SYFC in favour of Soleado (collectively, the "**Share Charges**").
Undertaking to vote in favour	:	Mr Huang Yupeng to provide an undertaking to vote in favour of the resolutions to procure the Shareholders' Approvals at the EGM.
Governing Law	:	The Loan Agreement and Personal Guarantee shall be governed by and construed in accordance with the laws of Singapore. The Group Guarantee and the Share Charges shall be governed by and construed in accordance with the laws of the Peoples' Republic of China.

2.2 The Conversion Option and the New Shares

(a) Pursuant to the Loan Agreement, and subject to Shareholders' Approval being obtained and Soleado's exercise of the Conversion Option, the Company has agreed to allot and issue, the New Shares to Soleado and/or its nominee.

(b) The New Shares will represent approximately 7.4% of the issued and paid-up share capital of the Company as at the date of this announcement (being 673,344,828 Shares) and approximately 6.9% of the enlarged issued and

paid-up share capital of the Company immediately after the allotment and issue of the New Shares (being 723,344,828 Shares).

(c) The New Shares shall be priced at the Conversion Price.

(d) Based on maximum conversion price of S$0.55, this would represent a discount of approximately 18.23% to the volume weighted average price of S$0.6726 for trades done on the Shares of the Company on the SGX-ST on 13 April 2016 (being the last full market day prior to the signing of the Loan Agreement). As the maximum conversion price would represent a discount of more than 10% to the VWAP, the Company is required under Rule 811(3) of the Listing Manual to seek the specific approval of its Shareholders for the issuance of the New Shares.

(e) The issue and allotment of the New Shares pursuant to the exercise by Soleado of the Conversion Option would also constitute a transfer of a controlling interest to Soleado, the PM Group and Mr. Chalermchai Mahagitsiri. Accordingly, the Company intends to seek the approval of the Shareholders pursuant to Rule 803 of the Listing Manual.

(f) The Company will also seek specific shareholders' approval for the issuance of the New Shares. The New Shares will not be issued pursuant to the general mandate given to the Directors by the shareholders of the Company at the annual general meeting of the Company held on 22 April 2015.

(g) The obligations of the Company to allot and issue the New Shares to Soleado and/or its nominee are conditional on, inter alia, receipt of approval in-principle from the SGX-ST for the admission to and the listing and quotation of the New Shares on the Mainboard of SGX-ST.

(h) The New Shares, when issued, shall rank *pari passu* with and shall carry all rights similar to the existing Shares, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of issue of the New Shares.

2.4 Rationale and benefits of the Loan

The Loan shall be utilised by the Company for business expansion and as general working capital for its non-beverage businesses. The Directors consider it beneficial for the Company and in the Company's interest that the Loan is extended by Soleado to the Company to expand its business and for general working capital purposes.

3 Interested Person Transactions

3.1 Pursuant to the Listing Manual, an interested person transaction ("**IPT**") is defined as a transaction between an entity at risk and an interested person. Soleado is deemed (as defined in the Listing Manual), an associate of Mr Chalermchai Mahagitsiri. Accordingly, Soleado is deemed an interested person within the meaning of Chapter 9 of the Listing Manual.

3.2 With respect to the Company's receipt of the Loan from Soleado, the transaction constitutes an IPT pursuant to Chapter 9 of the Listing Manual. The entity at risk is the Company.

3.3 The amount at risk to the Company is the aggregate interest payable on the Loan. For illustrative purposes only, assuming the Loan is repaid on the date falling 24 months from the Closing Date (and assuming that the interest rate is at 16.5% per annum on the basis that the Shareholders' Approval is not obtained), the aggregate interest payable on the Loan is US$6.6 million which represents approximately 2.3% of the latest audited net tangible assets ("**NTA**") of the Group of approximately RMB1,809.9 million (or approximately US$291.6 based on the exchange rate of US$1:RMB6.2068) as at 31 December 2015.

3.4 Save for the transactions mentioned in sub-paragraphs (a) to (b) below, the Group which, for the purposes of Chapter 9 of the Listing Manual, are considered to be "entities at risk", have not entered into transactions with the Company's interested persons or their associates since 1 January 2016 up to the date of this announcement:

(a) the Loan (which is the subject matter of this announcement); and

(b) transactions of less than S$100,000 in value.

4. FINANCIAL EFFECTS

(a) Share Capital

As at the date of this announcement, the issued and paid up capital of the Company (excluding treasury shares) is approximately RMB440.9 million divided into 673,344,828 Shares (excluding treasury shares).

Based on the Conversion Price of S$0.55 per New Share, when the maximum number of New Shares are allotted and issued, will increase the existing issued and paid-up share capital of the Company by S$27.5 million or approximately RMB126.5 million, to RMB567.4 million, divided into 723,344,828 Shares (excluding treasury shares).

(b) Net Tangible Asset and Earnings Per Share

For illustration purposes only, based on the audited financial statement of the Company for the financial year ended 31 December 2015 ("**FY2015**") and the issued share capital of the Company as at the date of this announcement, the net tangible asset ("**NTA**") per Share and the earnings per Share ("**EPS**") were approximately RMB268.8 cents and RMB30.7 cents, respectively.

Based on Conversion Price of S$0.55 per New Share, the NTA per Share and the EPS, after adjusting for the issuance of the maximum number New Shares, would be approximately RMB250.2 cents and RMB28.6 cents, respectively.

The above adjusted NTA per Share was computed by assuming that the conversion of the Loan into New Shares was completed on 31 December 2015 and the above adjusted EPS of the Group was computed by assuming that the conversion of the Loan was completed at the beginning of FY2015 and does not take into account the effects of the use of Loan on the earnings of the Group.

It should be noted that the abovementioned financial effects have been calculated for illustrative purposes only and does not purport to be indicative or a projection of the results and financial position of the Company and the Group after completion of the conversion of the Loan into the New Shares.

5. SHAREHOLDERS' APPROVAL AND DESPATCH OF CIRCULAR

The Company will be convening an extra-ordinary general meeting to seek specific approval of Shareholders for the issuance of the New Shares to Soleado pursuant to Rules 803 and 811 and Chapter 9 of the Listing Manual.

A circular containing information in connection therewith will be despatched to the Shareholders in due course. The Company will make further announcements relating to the Loan and the New Shares as and when necessary. As there is no assurance that the aforementioned transactions will be completed, Shareholders are advised to refrain from taking any action which may be prejudicial to their interests before seeking advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisers (as appropriate).

6. Interests of Directors and Substantial Shareholders

Save as disclosed herein, none of the Directors or controlling shareholders have any direct or indirect interest in the Loan other than through their respective shareholdings in the Company, if any.

7. Documents Available For Inspection

Copies of the Loan Agreement may be inspected at 6 Battery Road #10-01 Singapore 049909 during normal office hours for a period of three (3) months from the date of this announcement.

BY ORDER
By Order of the Board

Huang Yupeng
Chairman and CEO
13 April 2016

Note: *Unless otherwise expressly stated, all S$ denominated amounts or figures stated in this announcement are computed based on the exchange rates of S$1: RMB4.60.*