

SINO GRANDNESS FOOD INDUSTRY GROUP LIMITED

(Company Registration Number: 200706801H)

(Incorporated in the Singapore)

2011 BONDS, 2012 BONDS, 2011 SB2 BONDS AND 2012 SB2 BONDS DUE 1 MARCH 2017 BY GARDEN FRESH (HK) FRUIT & VEGETABLE BEVERAGE CO., LIMITED, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF SINO GRANDNESS FOOD INDUSTRY GROUP LIMITED (“COMPANY”) - UPDATE ANNOUNCEMENT

1. INTRODUCTION

The Board of Directors (“**Board**”) of Sino Grandness Food Industry Group Limited (the “**Company**”) refers to the Company’s earlier announcement dated 28 June 2017 (“**Earlier Announcement**”) in respect of the agreement referred to in the Earlier Announcement (“**Original Agreement**”) and the extension of bond repayment dates contemplated thereunder (“**Bonds Repayment Extension**”). The Board wishes to update Shareholders that parties have agreed to an amended Bonds Repayment Extension proposal with effect from 28 September 2017 and to this end, the Company has on 14 January 2019 entered into an amended and restated Original Agreement (the “**Amended and Restated Agreement**”) with the same group companies and bondholders as per the Earlier Announcement.

Capitalised terms used herein shall have the definitions ascribed to them in the Earlier Announcement, unless otherwise stated or the context otherwise requires.

2. BONDS REPAYMENT EXTENSION

2.1 The salient terms amended under the Amended and Restated Agreement include the following:

- (a) within 10 business days after the date of the Amended and Restated Agreement, Garden Fresh Cayco agrees to issue and allot to GS a first 2012 Preference Share which shall form a single series with the other 2012 Preference Shares to be issued on the New Completion Date (as defined below);
- (b) the completion date shall be amended and extended to be the earlier of the following (the “**New Completion Date**”):
 - (i) the New Long Stop Date (as defined below); and
 - (ii) ten (10) business days after the date on which the relevant company parties obtain the necessary PRC foreign exchange approvals for the remittance out of the PRC of funds for the payments to be made by such company parties pursuant to the Amended and Restated Agreement, or such other date or time as the parties may agree in writing;
- (c) the long stop date shall be amended and extended to 12 months from the date of the Amended and Restated Agreement (the “**New Long Stop Date**”); and
- (d) the definition of Qualified Listing Application referred to in the Earlier Announcement, in the case of an initial public offering of the ordinary shares of Garden Fresh Cayco, has been expanded from a listing on the Main Board of the Hong Kong Stock Exchange only to include a listing on the Main Board of the Hong Kong Stock Exchange, the Nasdaq Stock Market or the New York Stock Exchange.

2.2 The Board wishes to highlight to Shareholders that the following key terms in the Original Agreement and as announced in the Earlier Announcement remain the same under the Amended and Restated Agreement, save to the extent the aforesaid amendments set out in paragraph 2.1 above apply:

- (a) The 2012 SB2 Bonds and 2011 SB2 Bonds shall be repaid and fully redeemed by Garden Fresh HK on the New Completion Date;
- (b) The outstanding 2011 Bonds and the outstanding 2012 Bonds will be substituted with the issuance of 2011 Preference Shares and 2012 Preference Shares respectively on the New Completion Date. Please refer to Earlier Announcement at paragraphs 3.3 to 3.6 for details on the substitution of outstanding 2011 Bonds and 2012 Bonds for the issuance of 2011 Preference Shares and 2012 Preference Shares respectively; and
- (c) As set out in the Earlier Announcement at paragraphs 3.3 to 3.6, the 2011 Preference Shares and 2012 Preference Shares are convertible under certain agreed conditions into ordinary shares of Garden Fresh Cayco. The 2012 Preference Shares, of which the majority is held by GS is convertible into 13.000% in the shares in Garden Fresh Cayco and 2011 Preference Shares, of which the majority is held by CDIB Capital, is convertible into 3.876% in the shares in Garden Fresh Cayco.

3. FINANCIAL EFFECTS OF THE BONDS REPAYMENT EXTENSION

- 3.1 For illustrative purposes only, the proforma financial effects of the Bonds Repayment Extension on the share capital, net tangible assets (“NTA”) and earnings per share (“EPS”) of the Group as presented herein:
- (a) are purely for illustrative purposes only and are not projections of the actual future financial performance or financial position of the Group after the Bonds Repayment Extension; and
 - (b) are prepared based on the audited consolidated financial statements of the Group for FY2017.

Share Capital

- 3.2 As no new Shares will be issued by the Company in connection with the Bonds Repayment Extension, there will not be any impact on the share capital of the Company.

NTA

- 3.3 Assuming that the 2012 Preference Shares and 2011 Preference Shares are converted into Garden Fresh Cayco’s shares on 31 December 2017 in accordance with paragraphs 3.4 and 3.6 of the Earlier Announcement (the “**Conversion**”) and based on the Group’s audited consolidated financial statements for the financial year ended 31 December 2017 (“**FY2017**”), the effects on the NTA per share of the Group are as follows:

As at 31 December 2017	Pre-Conversion	Post-Conversion
NTA (RMB’000)	3,088,365	3,609,814
Number of issued shares	979,410,658	979,410,658
NTA per share (RMB fen)	315.3	368.6

EPS

- 3.4 Assuming that the 2012 Preference Shares and 2011 Preference Shares are converted into Garden Fresh Cayco’s shares on 1 January 2017 in accordance with paragraphs 3.4 and 3.6 of the Earlier Announcement and based on the Group’s audited consolidated financial statements for FY2017, the effects on the EPS of the Group are as follows:

As at 31 December 2017	Pre-Conversion	Post-Conversion
Profit after tax attributable to	355,963	295,088

Shareholders (RMB'000)		
Weighted average number of Shares	937,921,000	937,921,000
Earnings/(loss) per Share (RMB fen)	38.0	31.5

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 Bonds Repayment Extension.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors has any interests, direct or indirect, in the Bonds Repayment Extension other than through their respective shareholdings in the Company, if any. To the best knowledge of the Directors, none of the controlling shareholders of the Company has any interests, direct or indirect, in the Bonds Repayment Extension other than through their respective shareholdings in the Company, if any.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Amended and Restated Agreement and the Bonds Repayment Extension, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

By Order of the Board

Huang Yupeng
Chairman and CEO

17 January 2019