

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

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**REPLY TO SGX QUERY REGARDING ANNUAL REPORT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

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The Board of Directors (the “Board”) of Sino Grandness Food Industry Group Limited (the “Company”) would like to respond to the following query raised by the Singapore Exchange Securities Trading Limited (“SGX Query”) as follows: -

**SGX Query:**

Paragraph 11.3 of the Code of Corporate Governance 2012 states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the Company’s Annual Report. The Board’s commentary should include information needed by stakeholders to make an informed assessment of the company’s internal controls and risk management systems. On pages 28-29 of the Company’s annual report, we note that there is disclosure on the Board’s commentary on the adequacy of the internal controls, including financial, operational, compliance and information technology controls but there is no disclosure on the Board’s commentary on the risk management systems. In this respect, please disclose or explain the reason(s) for the deviation from the code as required under Rule 1207(12) of the Listing Manual.

**Company's response to SGX Query:**

For FY2013, the Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Group’s operations and finances; and the Group’s risk management and internal control systems are sufficiently effective.

Based on the reports submitted by the external and internal auditors, including the reviews by the Management and the various management controls put in place, and letter of assurance from the Chief Executive Officer, Chief Financial Officer and the key Executive Officers, the Board with the concurrence of the AC is of the opinion that Group’s internal controls are adequate in addressing the financial, operational, compliance and information technology controls, and risk management systems for the type and volume of business that the Group currently operates.

**By Order of the Board**

Huang Yupeng  
Chairman and CEO  
11 April 2013