

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

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**PROPOSED PLACEMENT OF 170,000,000 NEW ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY**

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**1. INTRODUCTION**

The Board of Directors (the “**Board**”) of Sino Grandness Food Industry Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 22 March 2019 entered into a placement agreement (“**Placement Agreement**”) with JW Capital Group Limited (“**Placee**”).

**2. THE PROPOSED PLACEMENT**

**2.1. Overview**

Under the Placement Agreement, the Company intends to issue to the Placee an aggregate of 170,000,000 new ordinary shares in the capital of the Company (the “**Placement Shares**”) at an issue price of S\$0.04 per Placement Share (the “**Issue Price**”), for an aggregate consideration of S\$6,800,000 (the “**Proposed Placement**”).

The Issue Price represents a discount of 6.98% to the volume weighted average price of S\$0.043 for trades done on the Shares (as defined below) on the Mainboard of the SGX-ST on 22 March 2019 (being the full market day immediately preceding the signing of the Placement Agreement).

**2.2. Authority to Issue the Placement Shares**

The Placement Shares will be allotted and issued pursuant to a general share issue mandate (the “**General Mandate**”) obtained from the shareholders of the Company (the “**Shareholders**”) at the annual general meeting of the Company held on 30 April 2018 (“**2018 AGM**”).

The General Mandate authorises the Directors to allot and issue new Shares not exceeding 50% of the total number of issued Shares (excluding treasury shares) as at the date of the 2018 AGM, of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing Shareholders shall not exceed 20% of the Company’s total number of issued Shares (excluding treasury shares).

As at the date of the 2018 AGM, the number of issued Shares was 979,410,658. As no Shares had previously been issued pursuant to the General Mandate, the total number of new Shares that may be issued other than on a pro-rata basis is 195,882,131 Shares. The proposed allotment and issuance of an aggregate of 170,000,000 Placement Shares will fall within the limits of the General Mandate.

**2.3. Terms of the Proposed Placement**

(i) Subscription of the Placement Shares

Pursuant to the Proposed Placement, the Company will issue and allot to the Placee 170,000,000 Placement Shares, representing 17.36% of the Company’s issued share capital as at the date of this announcement.

(ii) The Placement Shares

The Placement Shares, when issued, shall be free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with and carry all rights and entitlements similar to the existing Shares, except that the Placement Shares will not rank for any

dividends, rights, allotments or other distributions the record date for which falls on or before the date of the issue of the Placement Shares.

(iii) Conditions Precedent

The Proposed Placement is subject to certain conditions, including amongst others, the in-principle approval (the “**In-Principle Approval**”) for the listing and quotation of the Placement Shares on the Mainboard of SGX-ST being obtained from the SGX-ST.

The Company will be making an application to the SGX-ST for the listing of and quotation for the Placement Shares on the Mainboard of the SGX-ST, and will make the necessary announcement upon receipt of the In-Principle Approval from the SGX-ST.

(iv) Long- Stop Date

Under the Placement Agreement, there is a long-stop date of six (6) months from the date of the Placement Agreement or such other date as the Placee and the Company may agree before which the conditions precedent as set forth in the Placement Agreement, failing which the Placement Agreement shall for such Placee *ipso facto* cease and be terminated and neither such Placee nor the Company shall have any claim against the other for costs, expenses, damages, losses, compensation or otherwise in respect of the Proposed Placement without affecting the rights or liabilities under the Placement Agreement arising out of any antecedent breach of the Placement Agreement.

(v) Completion

Completion of the Proposed Placement shall, be on a date as decided by the Company being a date falling at least five (5) clear Market Days (being a day on which the SGX-ST is open for securities trading) after the satisfaction of the conditions precedents.

The Placee shall also be entitled to nominate that the Placement Shares be issued to an investment holding company fully held by such Placee.

### 3. INFORMATION ON THE PLACEE

The particulars of the Placee are as follows: -

Name	Place of Incorporation	Shareholders of the Placee and shareholding percentages of such shareholders in the Placee	Directors of the Placee	Business Activity
JW Capital Group Limited	Flat/Rm A 12F KIU FU Commercial BLDG, 300 Lockhart Road, Wan Chai, Hong Kong	JW Asset Management Limited, 100%	Hu Rongbo (Managing Director)	Investment holdings

The Placee was introduced through business associates of the Company. The Placee wishes to be a strategic investor in the Company and agreed to subscribe for the Placement Shares as part of its own business strategies. As at the date of this announcement, the Placee does not hold any Shares in the Company.

The Placee has in the Placement Agreement represented and warranted to the Company that none of the Placee, its directors, its shareholders and its ultimate beneficial owners is within the category of persons set out under Rule 812(1) of the Listing Manual, acting in concert with any other Placee or shareholders in the Company, nor is it has any connection or business relationship any of the Directors or substantial shareholders of the Company.

#### 4. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

The financial effects of the Proposed Placement as presented herein:

- (a) are purely for illustrative purposes only and is not a projection of the actual future financial performance or financial position of the Group after the Proposed Placement; and
- (b) are based on the audited consolidated financial statement of the Group for the financial year ended 31 December 2017 (“**Audited FY2017**”) and unaudited consolidated financial statement of the Group for the financial year ended 31 December 2018 (“**Unaudited FY2018**”).

For illustration purposes only, the information below is calculated on the basis of an exchange rate of S\$1 to RMB 5.

##### 4.1. Net Tangible Assets (“NTA”) per Share

Assuming that the Proposed Placement had been effected on 31 December 2017 and 31 December 2018, the effects of the Proposed Placement on the Group’s NTA per Share would be as follows:

	Before Proposed Placement		After Proposed Placement	
	Audited FY2017	Unaudited FY2018	Audited FY2017	Unaudited FY2018
NTA (RMB'000)	3,088,365	3,440,384	3,122,115	3,474,134
Number of Shares	979,410,658	979,410,658	1,149,410,658	1,149,410,658
NTA per Share (RMB fen)	315.3	351.3	271.6	302.3

##### 4.2. Earning per Share (“EPS”)

Assuming that the Proposed Placement had been effected on 1 January 2017 and 1 January 2018, the effects of the Proposed Placement on the Group’s EPS would be as follows:

	Before Proposed Placement		After Proposed Placement	
	Audited FY2017	Unaudited FY2018	Audited FY2017	Unaudited FY2018
Net profit attributable to shareholders (RMB'000)	355,963	345,178	355,963	345,178
Number of Shares	979,410,658	979,410,658	1,149,410,658	1,149,410,658
EPS (RMB fen)	36.3	35.2	31.0	30.0

##### 4.3. Gearing

Assuming that the Proposed Placement had been effected on 31 December 2017 and 31 December 2018, the effects of the Proposed Placement on the Group’s gearing ratio are as follows:

	Before Proposed Placement		After Proposed Placement	
	Audited FY2017	Unaudited FY2018	Audited FY2017	Unaudited FY2018
Net debt** (RMB'000)	507,482	548,524	507,482	548,524
Capital and net debt (RMB'000)	3,595,847	3,988,908	3,629,597	4,022,658
Gearing ratio (%)	14.1	13.8	14.0	13.6

\*\* Net debt = Total debt minus cash and cash equivalents

#### 4.4. Share Capital

As at the date of this announcement, the Company has in issue 979,410,658 ordinary shares (the "**Shares**"). Upon the allotment and issuance of the Placement Shares, the Company's issued share capital will increase to 1,149,410,658 Shares ("**Enlarged Share Capital**"). The Placement Shares would represent approximately 17.36% of the issued share capital of the Company as at the date of this announcement and approximately 14.79% of the Enlarged Share Capital after the Proposed Placement.

#### 5. RATIONALE AND USE OF PROCEEDS

The Company is undertaking the Proposed Placement to strengthen its financial and working capital position and to repay part of the outstanding sums due to Soleado Holdings Pte. Ltd. ("**Soleado**"). The estimated net proceeds from the Proposed Placement, after deducting estimated expenses pertaining to the Proposed Placement of approximately S\$50,000, would be approximately S\$6,750,000 (the "**Net Proceeds**"). The Group, after taking into account its working capital position, intends to apply the Net Proceeds as follows:

Use of Net Proceeds	Amount (S\$)	Percentage of Net Proceeds
1) Repayment of outstanding sums due to Soleado	4,050,000	60%
2) General working capital purpose	2,700,000	40%
<b>Total</b>	<b>6,750,000</b>	<b>100%</b>

The Company will make periodic announcements on the utilisation of the Net Proceeds from the Proposed Placement as and when such funds are materially disbursed, including whether such a use is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report on the use of the Net Proceeds from the Proposed Placement in the Company's interim and full year financial statements and annual report(s). Where the Net proceeds have been used for working capital purposes, the Company will disclose a breakdown with specific details on how the Net Proceeds have been applied in the relevant announcements and status reports. Where there is any material deviation from the stated use of Net Proceeds, the Company will announce the reasons for such deviation.

Pending deployment of the Net Proceeds, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments or debt instruments or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem fit from time to time.

#### 6. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Proposed Placement will be undertaken pursuant to a private placement exemption under Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Placement.

#### 7. DIRECTORS' CONFIRMATION

The Proposed Placement will not result in any transfer of controlling interest in the Company.

The Directors are of the opinion that, after taking into consideration the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements.

The Directors are of the opinion that, after taking into consideration the present bank facilities, and Net Proceeds of the Proposed Placement, the working capital available to the Group is sufficient to meet its present requirements.

**8. INTERESTS OF PLACEES, DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Placement.

**9. 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 Proposed Placement, 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 the 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.

**10. INSPECTION OF DOCUMENTS**

The Placement Agreement is available for inspection during normal business hours at the registered office of the Company at 6 Battery Road, #10-01, Singapore 049909 for a period of three (3) months from the date of this announcement.

**11. TRADING CAUTION**

Shareholders and potential investors should exercise caution when trading in shares of the Company, and where in doubt as to the action they should take, they should consult their financial, tax or other professional adviser immediately.

**BY ORDER OF THE BOARD**

Huang Yupeng  
Chairman and CEO

25 March 2019