

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

RESPONSE TO SGX’S QUERY

In response to the query from Singapore Exchange Securities Trading Limited (“SGX-ST”) in their email dated 21 May 2020, the Board of Directors of the Company wishes to provide the following information in respect of the appointment of Mr Tso Sze Wai, Jackson (“**Mr Tso**”) as a Chief Financial Officer (“**CFO**”) of the Company as set out below:

Query 1

Please provide the Board and the Nominating Committee’s assessment and its basis on the suitability of Tso Sze Wai, Jackson as the Chief Financial Officer (“**CFO**”) of the Company.

Company’s Response to Query 1

Mr Tso’s professional qualifications have been disclosed in the Company’s announcement dated 19 May 2020. The Audit Committee (“**AC**”) (not the Nominating Committee) had interviewed Mr Tso prior to his appointment as CFO of the Company. The AC had assessed and confirmed that Mr Tso is suitable for the appointment as the Company’s CFO given that (1) Mr Tso has over 20 years of experience in auditing, corporate finance as well as secretarial matters, (2) Prior to joining the Group, Mr Tso has held senior management positions in a number of listed companies in Hong Kong and Singapore, including over 10 years of working experience as chief financial officer and joint company secretary in several companies listed on the Singapore Exchange Limited, and (3) Mr Tso does not have any conflict of interests with the Company.

Query 2

Please provide the identity of the party or person that recommended Tso Sze Wai, Jackson.

Company’s Response to Query 2

The former CFO, Mr. Chan Chun Kit recommended Tso Sze Wai, Jackson to the Company for the CFO appointment.

Query 3

Apart from appointing Tso Sze Wai, Jackson as its CFO, please advise on the strength of the finance function including its size and adequacy to fulfill the Company’s financial reporting and compliance obligations under the Listing Manual. Please elaborate on whether there any other finance personnel in the Company’s finance function to support or assist Tso Sze Wai, Jackson in these obligations.

Company’s Response to Query 3

Currently, the Company’s finance team in PRC has approximately 16 full time staff to support the Group’s finance activities.

As mentioned in the Company's announcement dated 30 April 2020, a Group Finance Manager has been appointed in February 2020. The newly appointed Group Finance Manager has graduated from 江西经济管理干部学院会计系, and has 18 years of experience in accounting. He will be involved in the daily finance matter, maintaining of consolidated accounts, and will oversee the finance activities of the Group in PRC.

In addition to this, our company secretaries and external legal counsel in Singapore and PRC will provide relevant professional services that effectively support the Group in their duties to comply with relevant laws and regulations should the need arises.

Query 4

Please elaborate on the Company's process in the selection and appointment of a CFO, including whether any other candidates were considered for the position of CFO.

Company's Response to Query 4

There were two potential candidates provided to the Management of the Company for their consideration after the Company received the resignation letter of the former CFO, Mr Chan Chun Kit on 11 May 2020. Taking into consideration Mr Tso's working experience as chief financial officer and joint company secretary in several companies listed on the Singapore Exchange Limited, the Management of the Company proposed to the AC to appoint Mr Tso as CFO of the Company.

The AC had conducted an interview with Mr Tso. After making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of the AC members to cause them to believe that Mr Tso does not have the competence, character and integrity expected of a CFO of a listed company.

Taking into consideration of the abovementioned and Mr Tso's professional qualification and working experience, the AC recommended to the Board for consideration of the appointment of Mr Tso as CFO of the Company. The Board subsequently accepted the recommendation of the AC and approved the appointment of Mr Tso as Chief Financial Officer of the Company on 19 May 2020.

Query 5

Please provide the Audit Committee's confirmation on whether the finance function is adequately resourced and effective, and the basis for its view.

Company's Response to Query 5

The AC believes that the finance function is adequately resourced and effective in normal conditions. However, the onset of the Covid-19 epidemic was sudden and unexpected. In particular, the associated movement restrictions and forced office closures had disrupted the information flow and normal working procedures of the finance team. The newly appointed CFO has been tasked by the AC to work with management to identify improvements and to ensure that the finance function remains adequately resourced and effective even in challenging Covid-19 conditions.

By Order of the Board

Huang Yupeng
Chairman and CEO
26 May 2020