

SINO GRANDNESS FOOD INDUSTRY GROUP LIMITED

(Company Registration No. 200706801H)
(Incorporated in the Republic of Singapore)

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

- ADJUSTMENTS TO THE MAXIMUM CONVERSION PRICE OF THE SOLEADO CONVERSION OPTION

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**” or “**Directors**”) of Sino Grandness Food Industry Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the following:
- (a) its earlier announcement entitled “*Loan Transaction between Soleado Holdings Pte. Ltd. and Sino Grandness Food Industry Group Limited*” dated 13 April 2016 (the “**Loan Transaction Announcement**”); and
 - (b) its earlier announcement entitled “*Renounceable Non-underwritten Rights Issue in the Capital of the Company – Results of Rights Issue*” dated 9 March 2017 (the “**Rights Issue Results Announcement**”).
- (collectively, the “**Earlier Announcements**”)
- 1.2 Unless otherwise defined herein, all capitalised terms herein shall bear the same meanings ascribed to them in the Earlier Announcements.

2. ADJUSTMENT TO THE CONVERSION OPTION AND CONVERSION PRICE AS A RESULT OF THE RIGHTS ISSUE

As disclosed, *inter alia*, in the Loan Transaction Announcement, 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.

On 30 September 2016, the Company announced the proposed renounceable underwritten rights issue (the “**Rights Issue**”) of up to 243,713,276 new ordinary shares in the capital of the Company at an issue price of S\$0.310 for each rights share on the basis of one (1) rights share for every three (3) existing ordinary shares in the capital of the Company. On 13 December 2016, the Company announced the new terms of the Rights Issue comprising up to 332,336,283 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.210 for each Rights Share (the “**Rights Issue Price**”) on the basis of five (5) Rights Shares for every eleven (11) existing ordinary shares in the capital of the Company.

The Company wishes to inform that the calculation for the adjusted maximum number of New Shares (the “**Adjusted Maximum Conversion Shares**”) and the adjusted Maximum Conversion Price following the completion of the Rights Issue (the “**Adjusted Maximum Conversion Price**”) is as follows (the “**Agreed Adjustment Formula**”):

A	=	Total number of shares in issue being 673,344,828 Shares
B	=	original Conversion Price of S\$0.55

C	=	A X B
D	=	Total number Rights Shares being issued
E	=	Rights Issue Price of S\$0.21
F	=	D X E
G	=	Enlarged share capital following completion of the Rights Issue
H	=	C + F

Adjusted Maximum Conversion Price = H / G

Note : There will be no adjustment to the Floating Conversion Price arising from the Rights Issue.

Adjusted Maximum Conversion Shares

The maximum number of New Shares to be allotted and issued to Soleado is also adjusted from 50,000,000 New Shares to 72,727,272 New Shares following the completion of the Rights Issue as follows : 50 million + (50 million X D / A)

On 10 March 2017, as disclosed, *inter alia*, in the Rights Issue Results Announcement, the Company allotted and issued 306,065,830 Rights Shares pursuant to the Rights Issue. Accordingly, the issuance of the Rights Shares constitutes an event giving rise to an adjustment to the Conversion Price pursuant to the principal terms of the Loan.

Following the completion of the Rights Issue and in accordance with the Agreed Adjustment Formula, the maximum Conversion Price of S\$0.55 per New Share (“**Maximum Conversion Price**”) shall be adjusted to S\$0.444 per New Share (the “**Adjusted Maximum Conversion Price**”). The maximum number of New Shares to be allotted and issued to Soleado is capped at 72,727,272 New Shares following the completion of the Rights Issue. There will be no adjustment to the Floating Conversion Price arising from the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company’s securities. When in doubt, shareholders and potential investors of the Company are advised to seek independent advice from their bankers, stockbrokers, solicitors or other professional advisers.

BY ORDER OF THE BOARD

Huang Yupeng
Chairman and CEO
15 March 2017