

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

EXTRAORDINARY GENERAL MEETING TO BE HELD ON 28 JULY 2022
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

The board of directors (the “**Board**”) of Sino Grandness Food Industry Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) would like to thank all shareholders who submitted their questions in advance of the extraordinary general meeting (“**EGM**”) to be held virtually at 10:00 a.m. on 28 July 2022.

The deadline for shareholders to submit any questions they may have was 11:59 p.m. on 11 July 2022 (the “**Deadline for Questions**”).

Please refer to the Company’s responses to the substantial and relevant questions received from shareholders before the Deadline for Questions as set out in the Appendix to this announcement.

By Order of the Board

Huang Yupeng
Chairman and CEO
22 July 2022

APPENDIX – RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

<p>Question 1</p>	<p>It was stated in the Company’s announcement dated 11 March 2021 (i.e., the announcement of the resignation of Leyng Thai Weng as the Chief Financial Officer of the Company) that the bank account of the Company is in a frozen state.</p> <p>What are the circumstances leading to this and is the bank account still frozen?</p>
<p>Response to Question 1</p>	<p>The relevant bank had frozen the said bank account at that time because the Company had been unable to provide it with various documents which it required for its annual inspections. The Company was unable to obtain and send the said documents to the bank during the material time due to the lockdowns and other rigid Covid-19-related measures implemented in the People’s Republic of China.</p> <p>The Company has since obtained and provided the relevant documents to the bank and the Company’s bank account is no longer frozen (i.e., it is now in operation by the Company).</p>
<p>Question 2</p>	<p>So far the impression is that although the Company is in quite a good cash position, the Company still has problems remitting funds out of China (whether it is for paying its creditors or for distributing dividends to its shareholders).</p> <p>Is there any restrictions being imposed on the Company by any of the authorities and can the Company remit funds out of China to pay dividends to its shareholders?</p>
<p>Response to Question 2</p>	<p>The Company has not declared any dividends for the financial years ended 2019, 2020 and 2021.</p> <p>In addition, the Company currently has no plans to declare dividends. All retained earnings are reinvested back into the operations of the Company’s business, include but not limited to maintaining production assets, brand building, R&D, and maintaining and expanding distribution network.</p> <p>The Company is subject to rules and regulations imposed by the Chinese government for remitting funds outside of China. Should the company decide to issue dividends, it will comply with and follow all related rules and regulations accordingly.</p>
<p>Question 3</p>	<p>The Company had requested for a trading suspension on 7 December 2020.</p> <p>Kindly clarify what is required for the Company to lift is trading suspension.</p>

<p>Response to Question 3</p>	<p>By way of background:</p> <p>(1) In the independent auditor's report dated 30 October 2020 issued by Foo Kon Tan LLP ("FKT") (the previous auditors of the Company) in relation to the Company for the financial year ended 31 December 2019 ("FY2019 Independent Auditors' Report"), FKT had highlighted various going concern issues (the "Going Concern Issues") in relation to the Company.</p> <p>(2) The Company initially requested for a trading halt on 25 November 2020.</p> <p>(3) On 29 November 2020, the Company announced that requested for the Singapore Exchange Securities Trading Limited (the "SGX-ST") to extend the trading halt until 4 December 2020. The reason provided for the request for extension is so that the Company can conduct negotiations with the relevant parties to address the Going Concern Issues highlighted in the FY2019 Independent Auditors' Report.</p> <p>Please refer to the Company's announcement on 29 November 2020 entitled "Extension of Trading Halt" for further details on the Company's proposed actions to address the Going Concern Issues.</p> <p>(4) Subsequently, on 7 December 2020, the Company announced that it had requested for a trading suspension pursuant to Rule 1303(3) of the listing manual of the SGX-ST (the "Listing Manual"), and that shareholders should refer to the details set out in the Company's announcement released on 29 November 2020.</p> <p>As such, trading in the shares of the Company has been suspended since its announcement on 7 December 2020 on its request for a trading suspension.</p> <p>Rule 1304 of the Listing Manual provides, among other things, that if the trading in the shares of the Company has been suspended under Rule 1303(3) of the Listing Manual, the Company must submit a proposal (or proposals) to the SGX-ST with a view to resuming trading in its securities within 12 months from the date of suspension, and to implementing the resumption proposal within 6 months from the date the SGX-ST indicates that it has no objection to the resumption proposal.</p> <p>As mentioned above, the trading suspension was requested due to the Going Concern Issues highlighted in the FY2019 Independent Auditors' Report. The Company will need to consult professional advisers (such as its incoming independent auditors) on how to address the said Going Concern Issues.</p> <p>Upon shareholders' approval of the appointment of RT LLP ("RT") as the incoming auditors of the Company, the Company will proceed to consult with RT and other professional advisors on addressing the Going Concern Issues and on the formulation of suitable resumption proposal(s) to be submitted to the SGX-ST.</p>
--------------------------------------	--

	<p>The Company intends, and will take the necessary action, for trading in its shares to be resumed as soon as possible. The Company will update shareholders via announcements on SGXNet as and when there are material developments in this regard.</p>
Question 4	How is the business doing now, what are the chances to avoid liquidation hence a good turnaround?
Response to Question 4	<p>The Company's operations have been adversely affected by the Covid-19 pandemic as well as China's dynamic zero-COVID policy both on the production and distribution levels in 2020. However, the Company is still in operation, and is continuing to make and distribute products from its production facilities. The Company is still recovering from the impact of the Covid-19 pandemic. Regarding the current debts outstanding, the Company is engaged in discussions with its creditors and will update shareholders via announcements on SGXNet as and when there are any material developments.</p>