

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

**RECEIPT OF APPROVAL IN-PRINCIPLE FROM THE SINGAPORE EXCHANGE SECURITIES
TRADING LIMITED FOR THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS
ISSUE IN THE CAPITAL OF THE COMPANY**

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**”) refer to its earlier announcement on 13 December 2016 entitled “*Proposed Renounceable Non-Underwritten Rights Issue in the Capital of the Company*” (the “**Earlier Announcement**”).
- 1.2 Unless otherwise defined here, all capitalised terms herein shall bear the same meanings ascribed to them in the Earlier Announcement.

2. RECEIPT OF APPROVAL IN-PRINCIPLE

- 2.1 The Board of Directors is pleased to announce that the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) had on 3 February 2017, granted its in-principle approval for the dealing in, listing of and quotation for up to 332,336,283 Rights Shares on the Official List of the SGX-ST, subject to, *inter alia*, the following conditions:
- (a) compliance with the SGX-ST’s listing requirements;
 - (b) a written undertaking from the Company that it will comply with Rule 704(30), 815 and Rule 1207(20) of the Listing Manual in relation to the use of the proceeds from the Rights Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company’s announcements on the use of proceeds and in the annual report;
 - (c) the Company’s Audit Committee instituting proper internal controls to monitor the use and disbursements of the proceeds from the Rights Issue;
 - (d) independent verification on the use and disbursement of proceeds from the Rights Issue;
 - (e) a written confirmation from the Company that it will comply with the confirmation given in Rule 877(10) of the Listing Manual with regards to the allotment of any Excess Rights Shares; and
 - (f) a written confirmation from financial institution(s) as required under Listing Rule 877(9) that the undertaking shareholder who has given the irrevocable undertakings have sufficient financial resources to fulfil his obligations under its undertakings.

- 2.2 The in-principle approval granted by the SGX-ST is not to be taken as an indication of the merits of the Rights Issue, the Rights Shares, the Company and/or its subsidiaries.

3. USE OF PROCEEDS OF THE RIGHTS ISSUE

In respect of the use of proceeds from the proposed Rights Issue, the Company wishes to make additional disclosures as follows:

The Company intends to utilise the Net Proceeds from the Proposed Rights Issue in the following manner: (Based on the Maximum Scenario , Net Proceeds would total approximately S\$69.4m (RMB333.1m))(Based on the exchange rate of S\$1 to RMB4.80)			
Percentage Allocation	Amount	Information as disclosed in the Earlier Announcement	Additional details
60%	S\$41.6m (RMB199.7m)	Capital expenditure for the Group's non-beverage business	<ul style="list-style-type: none"> Construction in progress for Anhui project : RMB99.7m Peaches, pear, pineapple and mix fruit production lines: RMB100.0m
40%	S\$27.8m (RMB133.4m)	Distribution network expansion and general working capital	<ul style="list-style-type: none"> Advertisement, promotion and bar code charges⁽¹⁾ : RMB100.0m Domestic bank loan repayment : RMB30.0m Operating expenses : RMB3.4m

The Company intends to utilise the Net Proceeds from the Proposed Rights Issue in the following manner: (Based on the Minimum Scenario , Net Proceeds would total approximately S\$1.7m (RMB8.2m))(Based on the exchange rate of S\$1 to RMB4.80)			
Percentage Allocation	Amount	Information as disclosed in the Earlier Announcement	Additional details
60%	S\$1.0m (RMB4.8m)	Capital expenditure for the Group's non-beverage business	<ul style="list-style-type: none"> Construction in progress for Anhui project : RMB2.4m Peaches, pear, pineapple and mix fruit production lines: RMB2.4m
40%	S\$0.7m (RMB3.4m)	Distribution network expansion and general working capital	<ul style="list-style-type: none"> Advertisement, promotion and bar code charges⁽¹⁾ : RMB2.5m Domestic bank loan repayment : RMB0.8m Operating expenses : RMB0.1m

Note:

- (1) The expansion of the Company's distribution network is directly related to increased expenditure on advertisement and promotional activities in the new areas of network penetration. Bar code charges are payable by the Group to end-retailers for the placement, display and sale of the Group's products in the end-retailers stores the new areas of network penetration.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for Mr Huang Yupeng's Shareholder's Irrevocable Undertaking as disclosed in the Earlier Announcement, none of the Directors or Substantial Shareholders of the Company has any direct or indirect interest in the Rights Issue, other than through their respective shareholdings in the Company.

BY ORDER OF THE BOARD

Huang Yupeng
Chairman and CEO
4 February 2017