

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

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**RESPONSE TO SGX’S QUERY**

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In response to the query from Singapore Exchange Securities Trading Limited (“SGX-ST”) in their email dated 4 January 2021, the Board of Directors of the Company wishes to provide the following information in respect of the Company’s announcement dated 22 December 2020 as set out below:

We refer to the Company’s announcement dated 22 December 2020 (available here: <https://links.sgx.com/1.0.0/corporate-announcements/2JLTM4L8LRGJ7MMF/7d852df5f717399e0db90064f41d7160775f318636db9b8b7c562df6f9e6ff9d>) concerning the resignation of Mr Gong Shuli as an Independent Director, Member of the Audit Committee, Remuneration Committee and Nominating Committee effective from 22 December 2020. We seek your response to the following:

- (i) Please explain the circumstances leading to the resignation of Mr Gong Shuli effective from 22 December 2020. We note that the Audit Committee comprised of Mr Gong Shuli and Mr Lai Jingwei since 13 October 2020, following the resignation of Mr Ling Chung Yee with effect from 13 October 2020. Following Mr Gong Shuli’s resignation, Mr Lai Jingwei is the sole director remaining on the Audit Committee.
- (ii) Please clarify what the current compositions of the Audit Committee, Remuneration Committee and Nominating Committee are, following the resignation of Mr Gong Shuli as a member of the Audit Committee, Remuneration Committee and Nominating Committee.
- (iii) Please provide the Board’s assessment as to whether the Audit Committee, Nominating Committee and Remuneration Committee are able to adequately function following his resignation, and the basis for the Board’s views.
- (iv) The Company announced on 19 November 2020 that it was issued with a Disclaimer of Opinion by its auditors, Foo Kon Tan LLP, in respect of the financial year ended 31 December 2019. In light of the resignation of Mr Gong Shuli, please address whether and how the Board would be taking steps to address each outstanding audit issue raised by Foo Kon Tan LLP.
- (v) Please provide the Board’s assessment and basis on whether the resignation of Mr Gong Shuli would have any impact on the Company’s audit for the financial year ended 31 December 2020.
- (vi) Listing Rule 210(5)(e) provides:

*“The issuer must establish one or more committees as may be necessary to perform the functions of an audit committee, a nominating committee and a remuneration committee, with written terms of reference which clearly set out the authority and duties of the committees.”*

Please explain whether and how the Company is in compliance with Listing Rule 210(5)(e).

(vii) Listing Rule 210(5)(c) provides:

*“The issuer's board must have at least two non-executive directors who are independent and free of any material business or financial connection with the issuer.”*  
(emphasis added)

Please clarify what the Company's proposed action steps are in ensuring its compliance with Listing Rule 210(5)(c).

(viii) Listing Rule 704(8) provides:

*“Any appointment or reappointment of a director to the audit committee. The issuer must state in the announcement whether the board considers the director to be independent. The issuer must also provide such additional disclosure as may be appropriate in the circumstances to enable its shareholders to assess the independence or otherwise of the appointed director. In the event of any retirement or resignation which renders the audit committee unable to meet the minimum number (not less than three) the issuer should endeavour to fill the vacancy within two months, but in any case not later than three months.”* (emphasis added)

Please clarify what the Company's proposed action steps are in ensuring its compliance with Listing Rule 704(8).

(ix) Please provide the current composition of the Board.

(x) How many directors of the Company are resident in Singapore? If there are none, please clarify how the Board would be able to discharge its duties effectively.

#### Company's Response to Query (i)

As announced on 22 December 2020, the reason of cessation of Mr Gong Shuli is to pursue personal interest.

#### Company's Response to Query (ii)

The current compositions of the Audit Committee, Remuneration Committee and Nominating Committee are as follows:-

##### Audit Committee

Mr Lai Jingwei (Member)

##### Remuneration Committee

Mr Lai Jingwei (Member)

##### Nominating Committee

Mr Lai Jingwei (Chairman)

#### Company's Response to Query (iii)

The Audit Committee, Nominating Committee and Remuneration Committee comprising only 1 member.

According to the Terms of Reference of the Audit Committee, Nominating Committee and Remuneration Committee, the quorum of the meeting is at least 2 committee members attending the meeting. In view of the insufficient quorum for a meeting, the Audit Committee, Nominating Committee and Remuneration Committee are unable to adequately function.

The Company is currently sourcing for suitable candidate to fill up the vacancy after the resignation of Mr Gong Shuli.

#### Company's Response to Query (iv)

The Company is currently evaluating various options to address the issues raised in the Independent Auditor Report in respect of the financial year ended 31 December 2019. The Company would make the necessary announcement as and when there is any material development.

#### Company's Response to Query (v)

The Audit Committee comprising only 1 member.

According to the Terms of Reference of the Audit Committee, the quorum of the meeting is at least 2 committee members attending the meeting. In view of the insufficient quorum for a meeting, the Audit Committee, is unable to adequately function.

Despite of the above, the Audit Committee member has full access to and co-operation of the management, external auditors and internal auditors. The external auditors have unrestricted access to the Audit Committee member to report all the matters of audit. The member of Audit Committee is able to communicate by means of telephone conference or similar communication tools with all parties.

Company's Response to Query (vi)

Currently, the Audit Committee, Nominating Committee and Remuneration Committee comprising only 1 member. The Audit Committee, Nominating Committee and Remuneration Committee member is Independent Directors.

According to the Term of Reference of the Audit Committee, Nominating Committee and Remuneration Committee, the quorum of the meeting is at least 2 committee members attending the meeting. In view of the insufficient quorum for a meeting, the Audit Committee, Nominating Committee and Remuneration Committee are unable to adequately function.

The Company is currently sourcing for suitable candidate to fill up the vacancy after the resignation of Mr Gong Shuli.

Company's Response to Query (vii)

The Company is currently sourcing for suitable candidate to fill up the vacancy after the resignation of Mr Gong Shuli.

Company's Response to Query (viii)

The Company is currently sourcing for suitable candidate to fill up the vacancy after the resignation of Mr Gong Shuli.

Company's Response to Query (ix)

Current composition of the Board of Directors are as follows:-

Board of Directors

Mr Huang Yupeng	(Chairman and CEO)
Ms Huang Yushan	(Executive Director)
Mr Lai Jingwei	(Independent Director)

Company's Response to Query (x)

All of the Executive Directors and Independent Director are not resident in Singapore.

The Company is currently sourcing for suitable candidate including a resident director to fill up the vacancy after the resignation of Mr. Gong Shuli.

**By Order of the Board**

Huang Yupeng  
Chairman and CEO  
7 January 2021