

**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 in their email dated 23 January 2019, the Board of Directors of the Company wishes to provide the information as set out below:

Query 1

Reason why the Company has been unable to meet its obligation to TTA on the loan repayment.

Company’s Response to Q1

Under the loan agreement dated 13 April 2016 (the “Loan Agreement”), the loan can be converted into ordinary shares of the Company as parties wanted an option for the Lender to increase its stake further as a strategic partner and shareholder of the Group while bearing in mind the proposed listing of Garden Fresh (“the Proposed spin-off”).

As the process of the Proposed spin-off is expected to continue into 2019, the Company started negotiations with the Lender since end September or beginning October 2018, on the extension of the maturity date of the convertible loan or the possible restructuring of the loan in anticipation of the Proposed spin-off. The Company also at the same time negotiated with the bondholders for the restructuring of the 2011 and 2012 bonds.

Similar to the previous extension in 2018, where the Repayment Framework Agreement was executed on 20 July 2018, after the maturity date of 16 May 2018 had passed, the management was confident of the extension in view of the friendly relationship and negotiations. Management was still trying to finalise the extension with the Lender when it received the first demand letter.

Following the receipt of the first demand letter, the Company has been in negotiations with the Lender and, following the negotiations and payment of S\$34,958 for the legal and fees and disbursement of the amount of all costs and legal expenses from the Company to the Lender, the Lender issued the second demand letter with a later date for the demand of payment (from 21 January 2019 in first letter to 6 February 2019 in second letter).

The Company is still in negotiation with the Lender on the extension of repayment of the sum demanded. In the meantime, the Company is concurrently preparing to repatriate funds back from China either by way of dividend or alternatively by way of repayment of loan from subsidiary which require the People’s Republic of China’s regulatory(ies) approval. The Company would make the necessary announcement as and when there is any material development.

**By Order of the Board**

Huang Yupeng  
Chairman and CEO  
29 January 2019