Sino Agro Food

2018 Q3 Prepared Remarks

December 14, 2018

Prepared Remarks by Solomon Lee, CEO

Third quarter performance is summarized in the "Financial" section below. I'd like to take this opportunity to recap the Company's current positioning and in a general manner its aims for 2019.

Beforehand, I must convey for those who have not heard, that our CFO, Mr. Dan Ritchey passed away December 1st. This was sudden and shocking news for the Company, and more so personally for me and for the SIAF management team. Dan has long made dedicated and lasting contributions to SIAF. While many know him as a true professional, I will remember him as a valued friend.

In Dan's absence, I am receiving valued advice from a couple long-time supporters and trusted advisors.

Having defined the traits, skills, and experience desired for an ideal new CFO, we established a search committee, which is already actively seeking candidates at this time.

In many respects 2018 shaped up as a reset year, leading to 2019 as a "turnaround rebirth" year, for lack of a better phrase. As we've communicated repeatedly, the Company faced a confluence of headwinds in 2017, which bled into 2018. Financial losses in 2017 led to what we are now calling "legacy debt," and in turn to an unintended overreliance on equity financing. On the positive side, we initiated financial discipline; restricted capital expenditures; and produced some non-operational income, resulting in stabilized revenue with positive income. The business is smaller in 2018 than it was in 2017, but well positioned to be bigger in 2019. I fully expect a return to year over year positive revenue comparisons in 2019.

After experiencing 2017, and well into our restructuring in 2018, we've taken a look in the mirror, and reappraised some of ways we've run the businesses, in order to best manage going forward, and to restore investor confidence. We are working relentlessly on a number of plans for 2019, both operational and non-operational, some low probability, some high. We intend to announce these only after major milestones occur, rather than risk improperly setting expectations. We will also raise the relative priority of generating cash flow, having emphasized — perhaps overemphasized — net asset accumulation in the past.

Having eliminated or restructured all SIAF business segments to run more smoothly, with limited to no capital expenditure, we are free to prioritize Tri-way's business, focusing thorough attention there. Tri-way's aquaculture farms already have basic and essential infrastructure and capacity to generate sustained growth steadily, exceeding the growth potential all other business segments combined without substantial external funding. It is a question of realizing existing potential by optimizing processes. We address the possibility of external funding, for which we are hopeful, in the Q & A. Should a large funding materialize, the first positive impact would be on Capital Award, funding project development. Upon any project development completion, the benefit of optimizing growing processes would multiply at Tri-way.

The Company did not fully meet its cash flow goals in 2018 for several reasons including Typhoon Mangkut. This reinforces our commitment to prioritize positive cash flow in 2019 to meet business needs. We continue to pursue outside loans, large and small, for which we remain hopeful. Potential and existing creditors also look to responsible cash flow generation. After considering input from management, creditors, and major shareholders, the Board of Directors has determined that the best use of funds is to improve efficiency at aquafarm4, and add production and production capacity to aquafarm 5. Upon the advice of the Board of Directors, the Company is cancelling the previously announced dividend, with the intention to reinstate when deemed appropriate, for which we believe the businesses are on firm footing with easily adequate potential. The Company's interests are better served at this time by using cash to build sustainably durable and increasingly profitable operations and to justify further outside investment.

Because of efforts to date and by concentrating on positive cash flow, the Company does not foresee a need to raise its authorized share capital.

Meanwhile, the Company remains cautiously sanguine in its pursuit of long-term debt and/or long term new preferred equity, with the intended use of funds to create sustainable profitability on a larger scale, enhancing shareholder value.

Financials

The Company earned $.09 per share in the third quarter, and made some progress in paying down what we've called "legacy debt;" that is, loans and other payables that were for the vast part incurred before mid 2017, and were justified by the then current business prospects and scale.

The Company was faced with significant market challenges throughout 2017, and downsized several businesses reprioritizing according to bottom line performances. During the third quarter we continued restructured and restructuring operations by reducing capital expenditures, adding some non-operational income, and embarking on new cash flow positive initiatives. In Q4, 2018 Tri-way began its trading business, and we announced a prospective new aquaculture development project in Angola, subject to the first consulting phase resulting in proper funding.

Revenue

Third quarter revenue was $38.8M, an increase $4.8M, or 14%, from the second quarter of 2018. The gain is entirely attributed to Project Development, which increased by $5.4M, as Tri-Way continued capital development using its free cash flow. Tri-Way completed part of the fit-out and supporting infrastructures needed in the aquafarms 4 and 5 to support their production activities.

Business Segment Revenue

This following table breaks down revenue by business segment.

Revenue (USD M)	Q3 '18	Q3 '17	%	9m '18	9m '17
Integrated Cattle Farm (SJAP)	3.5	19.4	-82%	15.1	61.7
Organic Fertilizer (HSA)	2.4	1.7	43%	7.3	5.4
Cattle Farms (MEIJI)	8.0	7.3	10%	19.1	23.1
Plantation	1.0	1.5	-34%	3.1	3.6
Seafood & Meat Trading	17.3	15.6	11%	51.9	56.8
Sale of Goods Total	**32.2**	**45.4**	**-29%**	**96.4**	**150.6**
Aquaculture	6.5	3.0	118%	10.0	16.2
Cattle Farms	-	-	n.a.	-	-
Seafood & Meet Trading	-	-	n.a.	-	-
Project Development Total	**6.5**	**3.0**	**118%**	**10.0**	**16.2**
Group Total	**38.8**	**48.4**	**-20%**	**106.5**	**166.7**

The impact of changes at SJAP is clear, with continued declining revenue sequentially (quarter over quarter, "QoQ"). The business segment did, however, report a small standalone profit.

All other business segments demonstrated stable or growing sequential revenue performance from the sale of goods sequentially.

In addition, the Company has defined plans for incremental growth in all segments, some of which are longer term and will require third party financing, others of which are shorter term and will require modest or no capital expenditure.

Gross Profits

Overall, gross profits increased 15% QoQ, from $5.4M in Q2 2018 to $6.2M in Q3 2018. As with revenue, new project development at Tri-way accounted for the entire increase.

Total gross profits from the sale of goods remained stable QoQ, at $5.2M in Q3 versus $5.3M in Q2.

The Company believes that for most segments, revenue and profit margins will improve organically, assuming underlying market conditions remain stable.

Income Statement

Looking at the Income Statement, net fully diluted earnings per share were $.09 in Q3 2018 vs. $.02 in Q2 2018, an increase of 350%.

At this stage, for the most part, we expect marginally improving operational performance due to actions taken to counter headwinds that have impeded operations in the past, and would have continued in the upcoming quarters. Therefore, financial challenges of the transition remain to be dealt with, with major variables, such as outside funding remaining unconcluded.

Balance Sheet

Looking at the balance sheet, as of September 30 2018, the Company had net working capital of $173.1M, an increase of $2.5M from the end of Q2 2018, reflecting more disciplined operational focus.

Stockholders' equity decreased during the quarter by $3.4M to $622.5M.

Operational Business Segments

HU Plantation

The HU plantation is nurturing back on track for improvement targeted for 2019 after remediation caused by typhoon Mangkut.

SJAP Operations

Having eliminated negative gross margin operations, at its new size, SJAP generated gross profits of $1.2M with a 34% gross margin, delivering a small standalone net operating profit. Revenue declined 33% sequentially while gross profit declined 25%

SJAP now has two revenue drivers: sale of livestock feed and fertilizer at SJAP, and sale of live cattle. Live cattle sales are now generated only from SJAP's own farm, without any beef production from cooperative farmers, which, due to previous contracts and poor market pricing, had produced negative gross margins.

The company discontinued its beef slaughtering and deboning business at the end of 2017.

Associate Investment — Tri-way Industries Ltd

SIAF's income from its full 36.6% equity investment in Tri-way ("TRW") increased $ .4M, 0r 29%, to $ 1.8M in Q3 2018 on a YoY basis. QoQ, the income growth was $.2M, or 12%

Income derived from SIAF's full 36.6% investment in Tri-way during the quarter was $1.6M, 19% higher than Q2 2017.

Aquafarm 4 has the basic facility infrastructure in place to support dramatically higher revenue, if and when efforts already made to surmount obstacles are successful, and trials demonstrate efficiency. We don't expect an overnight revenue jump, but steady progress in the upcoming couple quarters, with targeting more positive improvement gradually.

We will detail new production plans for Aquaculture Farms 4 and 5 in an upcoming FAQ style report.

During the fourth quarter, Tri-way commenced its new trading business.

Capital Award

Tri-way had decided not to incur any capital expenditures until it successfully obtains sufficient credit and /or equity financing to carry out future farm development. However, Tri-way did invest $6.5M in necessary targeted project development during the quarter to enhance the infrastructure and facilities needed to support production activities planned for 2019.

This income is booked as revenue under SIAF's wholly owned Project Development business segment, Capital Award. While adding to Tri-way's net assets and raising prospective income potential, development investment detracts from Tri-way's free cash flow.

Concluding Remarks

Third quarter operating results again reflected continued challenging times in 2018, but also reflected the efforts made in early 2018 to "right size" the Company for the current conditions and time. The Company made, and continues to make adjustments with respect to reducing capital development expenses, G & A expenses, and tightening its mix of products and processes with the aim to produce incremental profits gradually and steadily.

In addition, the Company has undertaken initiatives at HSA and the Plantation business segments at nominal cost, which we expect will produce incremental profits, starting in the near term. Both appear as incrementally bright areas, after or once remediation efforts are fully complete.

And as noted earlier, several new projects or complementary businesses have commenced in Q4, with others intended for 2019. As these reach anticipated levels, we expect the total accretive impact to be at least low double-digit percentages. Also as noted earlier, there remains legacy debt, for which some of our plans and negotiations are designed to address.

Third quarter operating results again reflected the hard times during 2018 and the efforts made in early 2018 to "right size" the Company for the current conditions and time. The Company made and continues to make adjustments with respect to reducing capital development expenses, G & A expenses, and tightening its mix of products and processes with the aim to produce incremental profits gradually and steadily.