

## **Q2 2019 Q & A**

September 3, 2019

***Could you please update progress at Tri-Way and CA? Last quarter's Q&A declined any update as forward looking with nothing material to announce regarding foreign contracts for Capital Award and for Mexican White Pawn ODRAS project at Aquafarm 4, the one stemming from a successful trial and requiring \$2M in retrofitting. Is this still the case, or can you give shareholders a better sense of progress or possibilities? For instance, are any challenges currently holding back finalizing the two loans (\$2M) mentioned to build out ODRAS in Tri-way?***

The statement in last quarter's Q & A still pertains. While the Company has given shareholders a broad-brush view of some of its future endeavors or initiatives – some planned, some potential, some dependent on financing or events outside the Company's control – it will report interim progress if and when material milestones are met or revenue impact becomes assured. The two initiatives in the question are cases in point. We believe this policy is best to avoid setting expectations improperly, particularly as to timing.

We have stated many times that our top priority is to attain both short and long term financing at Tri-way. Of course, these efforts will go a long way toward determining the timing and size of most all of Tri-Way's ongoing and new initiatives. We recently announced securing two credit lines for Tri-Way's trading business. In the press release, we said the following, which characterizes the processes:

“These TIFF arrangements validate the on-going perseverance in pursuing financing for various businesses from a wide multitude of debt, equity, and partnering sources. I am very pleased Tri-Way has brought this financing initiative to fruition. It is important for shareholders to realize that the process of procuring loans in China for a company of SIAF's size, or Tri-Way's size, mirrors the tiered approach of the IAD business (with multiple contingent steps, the second dependent on fulfilling the first, etc. before reaching reportable milestone(s)). That is, it is generally a multi-quarter timetable to achieve aims, with intermediary contingencies or successful proof of execution required -- or multi-year timetable for very large loans relative to company size. It takes a lot of work, but as we see with this announcement, work that is rewarded.”

That said, foundation work for CA's global projects are being carried out; yet further steps remain before any announcements can be made. And of course, potential customers drive the process, as it is their ultimate decision. The revitalization plan for aquafarms 4/5 has begun its smaller initial steps. Tri-Way believes that the time to apply full operational activities will be when it secures long term financing, which is a long-term project in itself. In the interim, open dams are being targeted to start repair and retrofit work.

***The recent press release about Tri-Way receiving two credit lines was very positive. The release indicated that the loans could be viewed as a milestone in a process that will help the trading business grow in the short term, and with further milestones and successful execution could propel the trading business into a tier one provider. Can you elaborate any, or be more specific about how this growth will occur and what this growth will mean for Tri-Way? Do you have any revenue targets?***

We encourage shareholders to read the press release regarding these loans. The dependencies for short and longer-term growth are laid out. The loans are short-term revolvers promoting incremental growth in Tri-Way's trading business starting immediately.

This is a first step in generating performance that, if and when successful, will promote further loans and carry the business along a trajectory that can lead to much higher growth multiples as the business justifies succession to higher tier distribution recognition. Progressively, larger volumes allow more favorable terms, which in turn promote faster inventory turns, creating larger and faster cash flows.

It must be emphasized that moving up in the tier system should be viewed over a one, two, and three year time horizon, each dependent on many interdependent factors, including successful execution with operational logistics to support larger volumes, further financings, government approvals, etc.

***Does the Company expect to pay down its "legacy debt" in the remainder of the year? Would you say that this debt is the cause of a Company that earns \$.13 per share in one quarter trades for \$.13?***

The Company's intention remains to pay down its debt, commensurate with its cash flows and cash flow improvement. The incremental revenue boost to Tri-Way's trading business will have a small positive incremental effect in the remainder of 2019. Over time, if higher tier levels are achieved, the goal is for Tri-Way to repay its debt to SIAF, which would accelerate legacy debt repayment.

We also expect that Tri-Way's sale of goods in 2020 will perform to a level also allowing contribution to legacy debt repayment.

***What is the status of the collateral shares used to finance SIAF's trading business? I believe these shares were scheduled to be returned upon repayment in September of this year. If so:***

- a) by how much will the outstanding share count be reduced?***
- b) how will this affect SIAF's trading business?***

The Company is negotiating with its funding parties. We believe the best and most likely scenario is to extend the loans for six to 12 months. This will promote a smooth transition of SIAF's trading business (separate from Tri-Way's) from reliance on collateralized loans to using other financing or self-financing, in order to first maintain the current revenue stream and then grow it.

***What is the status of the Tri-Way distribution? Is there any timetable? Is there a timetable for an IPO in Hong Kong? Does Tri-Way need to meet certain revenue or targets before making application?***

We have prioritized the S1/S4 process for the preferred shares. While much work on the F1 needed for the distribution of Tri-Way shares to SIAF shareholders has been completed, there is no certainty of timing, as any of many moving parts may cause certain delays.

We do not anticipate a Tri-Way IPO before 2021. It should be noted that based on all financial metrics we believe such an IPO would be extremely beneficial to SIAF shareholders. We aim to achieve it in the best possible manner, which involves two contingencies:

- Demonstrating a full year of successful operations at aquafarms 4/5, and
- Obtaining long term capital financing.

Shareholders are advised to monitor Tri-Way's quarterly earnings.

***6) What is the status and timetable for the preferred share offering? Is this a realistic way to raise funds, given the common share price? Does the Company know of specific interest for the offering?***

The SEC has not yet cleared and approved the S1/S4. Again, this is a circumstance the timing of which is driven by third parties.

In the meantime, the Company is augmenting its prior efforts to achieve higher subscription commitments from a few institutions and also to support market liquidity.