

**UNITED FOOD HOLDINGS LIMITED**  
**(Incorporated in Bermuda as an exempted company limited by shares)**  
(Company Registration No. 28925)

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**RESPONSES TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED IN RELATION TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021**

- Responses to questions raised pursuant to the Company's announcement dated 9 September 2021
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*Unless otherwise expressly defined herein, all capitalized terms in this announcement shall bear the same meanings ascribed to them under the Company's announcements dated 5 July 2021, 16 August 2021, 27 August 2021 and 9 September 2021.*

The board of directors (the "**Board**") of United Food Holdings Limited (the "**Company**", and collectively with its subsidiaries, the "**Group**") refers to the Company's announcement dated 9 September 2021 (the "**Announcement**") in relation to the Unaudited Financial Statements for the financial period ended 30 June 2021 ("**1QFY2022 Financial Results**").

The Board wishes to provide its responses to the following questions raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"):-

**SGX-ST Query 1**

SGX-ST Query 5 of the Announcement - Company's response:

"The Company had subsequently signed a new agreement with 惠州中凡机电设备 in April 2021 to purchase additional equipment and the remittance made in May 2021 was the advances paid to 惠州中凡机电设备 based on the new agreement in conjunction with the new sales contract secured from Kanweijian. The additional RMB26,000,000 formed part of the new agreement."

**SGX: Why did the Company sign the agreement with a dormant entity (惠州中凡机电设备) that has no operations and paid the significant advance sum of RMB26,000,000? Provide details of the new sales contract secured from Kanweijian, and disclose the nature and completion date of these sales.**

**Company's response:**

惠州中凡机电设备 is an operating entity as detailed in attached Appendix A.2.3. The agreement entered between the Company and 惠州中凡机电设备 is mainly due to the need to procure equipment to fulfill the sales order from Kangweijian. Please refer to the Appendices A.2.1 and A.2.2 for the details of the contracts.

**SGX-ST Query 2**

SGX-ST Query 6 of the Announcement - Company's response:

"The Company had received the preliminary valuation report as at 30 June 2021 of SST from Shenzhen ShiHua Asset Assessment Land Real Estate Valuation Co., Ltd. in July 2021. The report will be submitted to Regco tomorrow, 10 September 2021."

**SGX: Based on the SST valuation report, what is the Company's, the Board's, the Audit Committee's ("AC") and the auditor's evaluations and decisions on investment in SST? Robustly explain and justify if there are deviations in views of the Board and the AC from the views of the auditor. Summarize and quantify the material assumptions, and quantify the valuation outcomes of the two valuation reports referred to in the Company's SGXNet announcement dated 5 July 2021 (Announcement Reference: SG2107050THRTPTI) on the valuation of the patents and buildings conducted by Ascent Partners and the valuation of SST conducted by ShenZhen ShiHua Asset Assessment Land Real Estate Valuation Co., Ltd. ("Shenzhen ShiHua").**

## **Company's response:**

### **Auditors' evaluation**

The recoverability of the RMB 35.0 million SST deposit was based on the due diligence exercise carried out by management and the valuation report prepared by the potential investee which valued it at RMB 481.4 million as of 31 January 2021. The valuation was determined based on the income method (discounted cash flows method). Because the auditor was not given access to perform a review of the valuation report, the auditor was not able to ascertain the recoverability of the SST deposit including the appropriateness of the valuation methodologies and assumptions under IFRS 13 Fair Value Measurement.

### **Evaluation / decision of the Board and the AC**

With reference to SGX announcements dated 15 June 2021, 28 June 2021, 5 July 2021 and 27 August 2021, the Board had entered into a Cooperation Framework Agreement (the "Agreement") with SST, except for two directors who abstained from the voting due to the concern on recoverability of the refundable deposit.

Accordingly, the majority of the Board and the remaining AC member are of the view that SST has high development potential, after considering factors such as (1) SST is already profitable, and (2) SST's ability to grow its profits as set out in the SST valuation report. Further, the majority of the Board and the remaining AC member are of the view that the core business of SST is in line with the developmental trajectory of the PRC and the rest of the world, making SST a company with good potential. As such, the majority of the Board and the remaining AC member are of the view that that the acquisition of SST would significantly increase the value and growth potential of the Group.

## **SGX-ST Query 3**

### **SGX-ST Query 7 of the Announcement - Company's response:**

"Further to the letter of undertaking provided to the Company earlier, the Management has progressively communicated and monitored the progress with Ms. Zeng Miaoyun ("Ms. Zeng"). Ms. Zeng is actively making efforts to collect the outstanding receivables. The largest customer in arrears has sent a letter to Ms. Zeng undertaking payment to Really Time before the end of 2021."

**SGX: Who is Ms. Zeng Miaoyun, and what is her role in Really Time Trading Limited or the Company? Who is this largest customer, what is the amount owed and for how long (since which month/year) has the arrears been outstanding? Why had the amount not been paid to Really Time Trading Limited previously, and on what basis are they now able to pay before the end of 2021? Why are they not able to pay now, and what is the milestone at "end of 2021" that will enable them to make the repayment to Really Time Trading Limited? Please substantiate how the estimated payment date of "end of 2021" is not merely another attempt to keep pushing back repayments to the Company. How much in total does Really Time Trading Limited currently have to repay to the Company?**

### **Company's response:**

Ms. Zeng Miaoyun is the general manager, director and minority shareholder of RTTL. The arrears arose since November 2019 and the outstanding receivables have not been paid as trading has largely stalled due to the trade war between US and China and the COVID-19 pandemic. The Company is actively making efforts to collect the outstanding receivables and the largest customer, Shenzhen Huipusen Logistics Supply Chain Co., Ltd. (深圳惠普森物流供应链有限公司) in arrears has provided an undertaking to make payment to RTTL by end of 2021 and that part payment will be made in October 2021.

Please refer to the announcements dated 15 June 2021 (Query 2), 28 June 2021 (Query 3), 5 July 2021 (Query 3), 12 July 2021 (Query 1) and 27 August 2021 (Query 10) for further details.

#### **SGX-ST Query 4**

##### **SGX-ST Query 8 of the Announcement - Company's response:**

"Note A in the Financial Results: The total receivables of RMB126,144,000 as of 30 June 2021. Note B in the Financial Results: The total receivables of RMB135,626,000 as of 31 March 2021."

**SGX: Reconcile the change in total receivables of RMB126,144,000 as of 30 June 2021 from RMB135,626,000 as of 31 March 2021, when RMB100 million was repaid by debtors and additional sales for the period amounted to RMB512,000. Provide details of this RMB100 million of receivables for the quarter ended 30 June 2021.**

##### **Company's response:**

Please refer to the announcements dated 27 August 2021 and 9 September 2021. The receivables breakdown first set out in the announcement dated 27 August 2021 is reproduced:

<b>Trade receivables</b>	<b>20210331</b>	<b>20210630</b>	<b>Nature</b>	<b>Ageing schedule</b>
	<b>RMB</b>	<b>RMB</b>		
Really Time's trade receivables	10,356,000	9,976,000	Normal trading	More than 12 months
Sundry	246,000	393,000	Normal trading	Within 4-6 months
<b>Other receivables</b>				
Nong fu	35,000,000	fully repaid	refundable deposit	
SST	35,000,000	35,000,000	refundable deposit	Within 3 months
惠州中凡机电设备	49,152,000	75,152,000	Operating deposit	4-6 months

As set out above, there were no major transactions resulted in the substantial change in total receivables, save for the following transactions which were accounted for between 31 March 2021 and 30 June 2021:

- (1) The repayment of RMB35 million to SST; and
- (2) The deposit of RMB26 million payable to Zhongfan.

#### **SGX-ST Query 5**

##### **SGX-ST Query 9 of the Announcement - Company's response:**

"Having considered the challenges would be encountered by the foreign special auditors due to the tightening data protection regulations in China, the management is of the view that the engagement of local law professionals to comply with the regulations in China would protect the Company's rights and interest. This is also minimise the risk exposure to violate the rules in China by engaging the foreign special auditors and use of the relevant data and information in public outside China. The Company would seek a separate legal opinion on the privacy data law in China and will submit the opinion to RegCo once available."

**SGX: Instead of Guangdong Zhuming Law Firm, please appoint a Singapore-based firm that is acceptable to Singapore Exchange Regulation ("RegCo"), to conduct the special audit/special investigation of: a) Veracity of HBXR transactions; and b) Veracity, existence and completeness of bank balances, as highlighted in the Independent Auditor's Report in the Company's Annual Report 2020. The Company must provide the identity of the Singapore-based firm, and the terms of reference of engagement to RegCo for review before appointing said firm.**

##### **Company's response:**

Please refer to the announcements dated 27 August 2021 and 9 September 2021 for more details. Foreign special auditors, such as a Singapore-based firm, will likely face challenges due to the tightening data protection regulations in China. This is why the Company had hired a qualified PRC lawyer to carry out the relevant investigations. To provide greater comfort, the Company has hired another law firm, GDCC Law Offices (广东世纪华人律师事务所), to opine on the work performed by Guangdong Zhuming Law Firm. The preliminary legal opinion by GDCC Law Offices is attached as Appendix A.3.1.

**By Order of the Board**

**Song Yanan**  
**Non-Executive Chairman**  
3 October 2021