

UNITED FOOD HOLDINGS LIMITED

(Incorporated in Bermuda as an exempted company limited by shares)

(Company Registration No. 28925)

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 3 October 2021

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, 9 September 2021 and 3 October 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 3 October 2021 (the "**Announcement**") in relation to the Unaudited Financial Statements for the financial period ended 30 June 2021.

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 2 - Company's response

SGX: 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: SG210705OTHRPTI) 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:

1. Valuation report by Ascent Partners

(a) Assumptions

The following assumptions are deemed to have significant effects on the valuation have been evaluated and validated in deriving the value assessed by Ascent Partners.

General assumptions

- (i) Ascent Partners have assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and the business of the HBXR and Benchmark (collectively, the "**Target Company**").
- (ii) Ascent Partners have not investigated any financial data to determine the earning capacity of the operations in which the assets are used, and Ascent Partners assumed that the prospective earnings would provide a reasonable return on the fair value of the assets.
- (iii) Ascent Partners have not visited the premises where the Target Company's business operates. Ascent Partners have relied on the assistance of and information provided by the Company and the Target Company but have not verified the existence of the assets concerned.

- (iv) As part of Ascent Partners' analysis, Ascent Partners have reviewed the information related to its valuation, which is made available to Ascent Partners. Ascent Partners have no reason to doubt the accuracy and fairness of such information on which Ascent Partners have relied to a considerable extent in arriving at its opinion of value.
- (v) The gas supply for the production has not been connected as local government promised as at the valuation date of 31 March 2021, and there is no further notice and update on the progress of the gas supply from local government. Considering that the probability of obtaining gas supply for normal production is very low, Ascent Partners relied upon the assumption of the senior management of the Target Company that there will be no gas supply for the production in the forecasted period.

(b) Valuation outcome

Based on the investigation by Ascent Partners and analysis outlined in its report, Ascent Partners are of the opinion that, as at the valuation date of 31 March 2021, the value in use of the Target Company is RMB0 (RENMINBI ZERO ONLY).

2. Valuation report by Shenzhen ShiHua

(a) Assumptions

Premises

- (i) There is an open market and SST operates as a going concern.
- (ii) The materials provided by SST in relation to the valuation are true, complete, compliant with laws and are in effect.
- (iii) The property rights of all the assets declared for the valuation are normal in nature, so they may be traded freely and legally without any restrictions or defects that may affect the transaction.

Basic assumptions

- (i) It is assumed that after the valuation date of 30 June 2021, the political, economic and other macro environment that SST is in will not change significantly.
- (ii) Save for the laws and regulations that have been promulgated and have not yet been implemented by the government on the valuation date of 30 June 2021, it is assumed that there are no major changes in the laws and regulations relating to the operations of SST during the income period.
- (iii) It is assumed that the changes to the exchange rate, interest rate, tax, price and inflation after the the valuation date of 30 June 2021 will not have a significant impact on the operating conditions of SST in the income period.
- (iv) It is assumed that there are no force majeure or sudden events affecting the operation of SST after the valuation date of 30 June 2021.

General assumptions

- (i) It is assumed that SST will continue to operate after the valuation date of 30 June 2021, and its assets will continue to be utilised with no change in use after the valuation date of 30 June 2021;
- (ii) It is assumed that the management of SST is responsible and the management is capable of assuming its responsibilities.
- (iii) Unless otherwise stated, it is assumed that the operation of SST is fully compliant with all current relevant laws and regulations.

- (iv) There is no significant change in the national macroeconomic policy and the basic policies affecting SST;
- (v) It is assumed that the national tax policy remains unchanged;

Specific assumptions

- (i) It is assumed that SST and its management are competent and the assets owned by SST are subject to effective management.
- (ii) The accounting policies adopted by SST during the income period remains materially the same as the accounting policies adopted by SST as at the valuation date of 30 June 2021.
- (iii) It is assumed that the certificates issued by relevant government departments relating to SST's operations can be extended after their expiration.
- (iv) It is assumed that, in the future income period, the main management team and technical team of the SST will not suffer major personnel changes, affecting SST's business, and the management team grows in a stable manner.
- (v) The scope of business of SST will not change significantly in the future income period, and SST will continue to operate in the manner in which it is operating as at the valuation date of 30 June 2021.
- (vi) There is no change in the enterprise management system of SST in the income period which affects its ability to collect funds.
- (vii) The amount of taxable income in the future income period of SST is generally consistent with its total profit, and there is no significant permanent change between the current income period and future income periods or adjustment required over time.

Evaluation report restrictions

- (i) It is assumed that the operational scale of SST will remain generally stable in the coming years.
- (ii) It is assumed that SST's main scope of business remains relatively stable;
- (iii) It is assumed that SST will not encounter any major unforeseen accidents and natural disasters in the coming financial years.
- (iv) It is assumed that SST will not encounter large scale changes to its workforce in the coming financial years, which will affect the normal production and operational activities of SST.
- (v) There is no significant change in the current bank interest rate, tax and financial accounting policies in China.
- (vi) The information provided by SST on which all or part of the conclusions in the valuation report are based is reliable and accurate.

(b) Valuation outcome

On the premise of continuing operations, on the valuation date of 30 June 2021, the value of the total equity of SST using the income method was assessed to be RMB 1,201.94 million.

SGX-ST Query 2

SGX-ST Query 3 - Company's response

SGX: How much in total does Really Time Trading Limited currently have to repay to the Company? Confirm that the Company will provide an update via SGXNet on Shenzhen Huipusen Logistics Supply Chain Co., Ltd.'s (深圳惠普森物流供应链有限公司) part payment to be made, by end-October 2021.

Company's response:

To date, the outstanding sum payable by Really Time Trading Limited is HKD15,509,398. The Company will provide an update via SGXNet on Shenzhen Huipusen Logistics Supply Chain Co., Ltd.'s (深圳惠普森物流供应链有限公司) part payment of RMB3 million to be made, by end-October 2021.

SGX-ST Query 3

SGX-ST Query 5 - Company's response

SGX: 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. Please confirm that the Company will comply with these requirements.

Company's response:

The Company confirms that it will appoint a Singapore-based firm that is acceptable to RegCo, to conduct the special audit/special investigation of the:

- (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 will provide the identity of the Singapore-based firm, and the terms of reference of engagement to RegCo for review before appointing the firm.

By Order of the Board

Song Yanan
Non-Executive Chairman
14 October 2021