

## UNITED FOOD HOLDINGS LIMITED

### First Quarter Financial Statement for the 3 Months ended 31 March 2015

#### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

**1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

**The figures presented below have not been audited.**

#### CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2015

CONTINUING OPERATIONS	Note	<u>Group</u>		Change %
		3 months ended 31/03/15 RMB'000	3 months ended 31/03/14 RMB'000	
Revenue	(A)	1,018,467	1,178,230	(13.56)
Cost of sales	(B)	(1,008,418)	(1,166,808)	(13.57)
Gross profit		10,049	11,422	(12.02)
Other income and gains	(C)	2,399	2,625	(8.61)
Selling and distribution expenses		(2,639)	(2,703)	(2.37)
Administrative expenses		(6,150)	(6,283)	(2.12)
Other expenses, net		(365)	(381)	(4.20)
Profit before tax		3,294	4,680	N/M
Tax	(D)	-	-	
Profit for the period from the continuing operations		3,294	4,680	N/M
<b>DISCONTINUED OPERATION</b>				
Loss for the period from a discontinued operation		(685)	(7,630)	(91.02)
Profit / (loss) for the period		2,609	(2,950)	N/M
Attributable to:				
Owners of the Company		2,609	(2,950)	N/M
<b>EARNINGS / (LOSS) PER SHARE</b>				
-Basic		RMB0.00	(RMB0.00)	
-Diluted		N/A	N/A	

**Note: For notes (A) to (D), please refer to item 8 for further analysis.**



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	<b>3 months ended 31/03/15 RMB'000</b>	<b><u>Group</u> 3 months ended 31/03/14 RMB'000</b>	<b>Change %</b>
Profit / (loss) for the period	2,609	(2,950)	N/M
Other comprehensive income	-	-	
Total comprehensive income / (expense) for the period	<u>2,609</u>	<u>(2,950)</u>	N/M
Attributable to: Owners of the Company	<u>2,609</u>	<u>(2,950)</u>	N/M

**The profit / (loss) before tax is arrived at after charging the following:**

	<b>3 months ended 31/03/15 RMB'000</b>	<b><u>Group</u> 3 months ended 31/03/14 RMB'000</b>	<b>Change %</b>
Depreciation	15,168	20,191	(24.88)
Amortisation of land used rights	2,125	2,125	-
Research and development costs	361	376	(3.99)



**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

**CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2015**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>31/03/15 RMB'000</b>	<b>31/12/14 RMB'000</b>	<b>31/03/15 RMB'000</b>	<b>31/12/14 RMB'000</b>
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries		-	-	223,738	223,738
Property, plant and equipment		314,865	330,033	-	-
Land use rights		50,357	52,482	-	-
Total non-current assets		365,222	382,515	223,738	223,738
<b>CURRENT ASSETS</b>					
Inventories	(E)	462,169	553,389	-	-
Trade receivables	(F)	19,738	-	-	-
Amounts due from subsidiaries		-	-	535,600	536,667
Prepayments, deposits and other receivables	(G)	245,270	57,116	-	-
Restricted bank deposits	(H)	377,316	388,093	-	-
Cash and bank balances	(H)	14,776	82,330	492	495
Total current assets		1,119,269	1,080,928	536,092	537,162
<b>CURRENT LIABILITIES</b>					
Trade payables	(I)	2,794	5,028	-	-
Other payables, deposits received and accruals	(J)	68,360	47,687	604	742
Total current liabilities		71,154	52,715	604	742
<b>NET CURRENT ASSETS</b>		1,048,115	1,028,213	535,488	536,420
Net assets		1,413,337	1,410,728	759,226	760,158
<b>EQUITY</b>					
Equity attributable to owners of the Company					
Issued capital		294,465	294,465	294,465	294,465
Reserves		1,113,698	1,111,089	459,587	460,519
Proposed final dividend		5,174	5,174	5,174	5,174
Total equity		1,413,337	1,410,728	759,226	760,158

**Note:** For notes (E) to (J), please refer to item 8 for further analysis.



**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

As at 31/03/15		As at 31/03/14	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
N/A	N/A	N/A	N/A

**Amount repayable after one year**

As at 31/03/15		As at 31/03/14	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
N/A	N/A	N/A	N/A

**Details of any collateral**

N/A



**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	<b>Group</b> 3 months period ended 31/03/15 RMB'000	3 months period ended 31/03/14 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before tax			
From continuing operations		3,294	4,680
From a discontinued operation		(685)	(7,630)
Adjustment for:			
Amortisation of land use rights		2,125	2,125
Depreciation		15,168	20,191
Bank interest income		(2,317)	(2,495)
		17,585	16,871
Decrease in inventories		91,220	212,734
Decrease in biological assets		-	11,692
(Increase) / decrease in trade receivables		(19,738)	2,317
Increase in prepayments, deposits and other receivables		(188,154)	(132,241)
Increase / (decrease) in trade payables		1,044	(217,352)
Increase in other payables, deposits received and accruals		17,395	24,601
Cash used in operations		(80,648)	(81,378)
Interest received		2,317	2,495
Net cash used in operating activities		(78,331)	(78,883)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash transferred to restricted bank deposits	(H)	(320,983)	(134,623)
Cash transferred from restricted bank deposits	(H)	331,760	200,378
Purchases of items of property, plant and equipment		-	(15,256)
Net cash from investing activities		10,777	50,499
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(67,554)	(28,384)
Cash and cash equivalents at beginning of period		82,330	43,398
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<u>14,776</u>	<u>15,014</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	(H)	<u>14,776</u>	<u>15,014</u>



**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

Group	Issued capital RMB'000	Proposed final dividend RMB'000	Retained profits RMB'000	Statutory reserve RMB'000	Capital redemption reserve RMB'000	Share premium RMB'000	Total RMB'000
Balance as at 1 January 2015	294,465	5,174	578,757	19,431	2,982	509,919	1,410,728
Profit for 1Q15	-	-	2,609	-	-	-	2,609
Balance as at 31 March 2015	<u>294,465</u>	<u>5,174</u>	<u>581,366</u>	<u>19,431</u>	<u>2,982</u>	<u>509,919</u>	<u>1,413,337</u>

Group	Issued capital RMB'000	Retained profits RMB'000	Statutory reserve RMB'000	Capital redemption reserve RMB'000	Share premium RMB'000	Total RMB'000
Balance as at 1 January 2014	294,465	558,368	19,431	2,982	509,919	1,385,165
Loss for 1Q14	-	(2,950)	-	-	-	(2,950)
Balance as at 31 March 2014	<u>294,465</u>	<u>555,418</u>	<u>19,431</u>	<u>2,982</u>	<u>509,919</u>	<u>1,382,215</u>

Company	Issued capital RMB'000	Proposed final dividend RMB'000	Accumulated losses RMB'000	Capital redemption reserve RMB'000	Share premium RMB'000	Total RMB'000
Balance as at 1 January 2015	294,465	5,174	(52,382)	2,982	509,919	760,158
Loss for 1Q15	-	-	(932)	-	-	(932)
Balance as at 31 March 2015	<u>294,465</u>	<u>5,174</u>	<u>(53,314)</u>	<u>2,982</u>	<u>509,919</u>	<u>759,226</u>

Company	Issued capital RMB'000	Accumulated losses RMB'000	Capital redemption reserve RMB'000	Share premium RMB'000	Total RMB'000
Balance as at 1 January 2014	294,465	(41,383)	2,982	509,919	765,983
Loss for 1Q14	-	(1,252)	-	-	(1,252)
Balance as at 31 March 2014	<u>294,465</u>	<u>(42,635)</u>	<u>2,982</u>	<u>509,919</u>	<u>764,731</u>



**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

N/A, see 1 (d) (iii) below.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

There were 1,100,808,740 ordinary shares in issue as at 31 March 2015 and 31 December 2014.  
The Company did not hold any treasury shares as at 31 March 2015 and 31 December 2014.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

N/A

**2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have not been audited nor reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

N/A

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the preparation of the consolidated financial statements for the current reporting period compared with the audited financial statements as at 31 December 2014 except for the adoption of new or revised IFRS that are mandatory for financial years beginning on or after 1 January 2015. The adoption of these IFRS has no significant impact on the Group's consolidated financial statements.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

N/A



**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	<b>Group</b>	
	<b>3 months period ended 31/03/15</b>	<b>3 months period ended 31/03/14</b>
<b>EARNINGS / (LOSS) PER ORDINARY SHARE</b>		
(i) Based on weighted average number of ordinary shares in issue	<b>RMB0.00</b>	<b>(RMB0.00)</b>
(ii) On a fully diluted basis	-	-

- (i) Earnings / (loss) per ordinary share on the existing issued share capital is computed based on the number of shares in issue during three months ended 31 March 2015 of 1,100,808,740 shares (three months ended 31 March 2014: 1,100,808,740 shares)
- (ii) There were no potential dilutive ordinary shares in existence for the three months ended 31 March 2015 and 2014 and accordingly, no diluted earnings per share has been presented.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>31/03/15</b>	<b>31/12/14</b>	<b>31/03/15</b>	<b>31/12/14</b>
<b>NET ASSET VALUE PER ORDINARY SHARE</b>				
Net asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	<b>RMB1.28</b>	<b>RMB1.28</b>	<b>RMB0.69</b>	<b>RMB0.69</b>

The net asset value for the Group per ordinary share was calculated based on 1,100,808,740 shares in issue as at 31 March 2015 and 31 December 2014.



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

## Performance Review

### (A) Revenue and pre-tax loss

Group's revenue decreased by 15.08% from approximately RMB1.20 billion in 1Q14 to approximately RMB1.02 billion in 1Q15. The decrease in revenue was due mainly to decreases in both the sales volume and selling price of the soybean products in 1Q15 compared to 1Q14.

The Group recorded a pre-tax profit of approximately RMB2.61 million in 1Q15 against a loss of approximately RMB2.95 million in 1Q14. This was mainly attributable to the cessation of the Group's pig rearing operations at the end of May 2014, the loss from the pig rearing division amounted to approximately RMB7.63 million in 1Q14.

The following tables provide more detailed comparisons of the Group's performances of 1Q15 vs 1Q14:

	<b>3 months period ended 31/03/15 (1Q15) RMB'000</b>	<b>3 months period ended 31/03/14 (1Q14) RMB'000</b>	<b>Change %</b>
<b><u>Revenue</u></b>			
Pig Rearing +	-	21,068	(100.00)
Animal Feed*	52,756	52,639	0.22
Soybean Processing*	965,711	1,125,591	(14.20)
	<u>1,018,467</u>	<u>1,199,298</u>	<u>(15.08)</u>

+ Pig rearing division had ceased operations at the end of May 2014

\* Revenue from continuing operations

	<b>3 months period ended 31/03/15 (1Q15) RMB'000</b>	<b>3 months period ended 31/03/14 (1Q14) RMB'000</b>	<b>Change %</b>
<b><u>Pre-tax profit / (loss)</u></b>			
Pig Rearing	(685)	(7,632)	(91.02)
Animal Feed	96	1,111	(91.36)
Soybean Processing	2,224	2,789	(20.26)
Total	<u>1,635</u>	<u>(3,732)</u>	<u>N/M</u>
Interest Income	2,317	2,495	(7.13)
Unallocated Expenses	<u>(1,343)</u>	<u>(1,713)</u>	<u>(21.60)</u>
Profit / (loss) before tax	<u>2,609</u>	<u>(2,950)</u>	<u>N/M</u>



### **Soybean Processing**

Revenue of the soybean processing division decreased by 14.20% from approximately RMB1.13 billion in 1Q14 to approximately RMB965.71 million in 1Q15. The division recorded a lower profit of approximately RMB2.22 million in 1Q15 compared to approximately RMB2.79 million in 1Q14. This was due mainly to decreases in both the sales volume and selling price of the soybean products arising from weak demand as a result of the slowing down of the China economy.

### **Animal Feed**

The animal feed division recorded a revenue of approximately RMB52.76 million in 1Q15 which was comparable to the revenue of approximately RMB52.64 million in 1Q14.

The division recorded a lower profit of approximately RMB96,000 in 1Q15 compared to approximately RMB1.11 million in 1Q14. The decrease was due mainly to a decrease in selling price of the feed products.

### **(B) Cost of Sales**

The Group recorded a marginal gross profit margin of approximately 0.99% for 1Q15 which was comparable to the gross profit margin of approximately 0.97% in 1Q14.

### **(C) Other income and gains**

Other income and gains comprise mainly interest income amounting to approximately RMB2.32 million for 1Q15 (1Q14: RMB2.50 million).

### **(D) Tax**

Tax has not been provided by the Group as the assessable profits for the period have been offset by the tax losses carried forward from prior years.

Linyi Shengquan Grease Co. Ltd. (a subsidiary of the Company and incorporated in the People's Republic of China) is subject to a corporate income tax rate of 25% on its assessable profits for the 3 months ended 31 March 2015 (31 March 2014: 25%).

### **(E) Inventories**

The decrease in inventories was due mainly to the continued consumption of the existing soybean reserve.

### **(F) Trade receivables**

The increase in trade receivables was due mainly to the sales recorded closed to the quarter end; the outstanding amount had been received in early April 2015.

### **(G) Prepayment, deposits and other receivables**

The increase in the prepayment, deposits and other receivables was due mainly to deposits and prepayment made to soybean suppliers for the procurement of soybean.

### **(H) Cash and Bank Balances and Deposits**

The Group's restricted bank deposits were pledged as security for the issuance of letters of credits to its suppliers.

The decrease in restricted bank deposits and cash and bank balances was due mainly to the increase in prepayment made for the procurement of soybean.

### **(I) Trade Payables**

The decrease in trade payables was due mainly to settlement made in the period.



**(J) Other payables, deposits received and accruals**

The increase in other payables, deposits received and accruals was due mainly to increase in VAT payable, accrued transportation costs and welfare payables.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

The announcement is consistent with the commentary made in item 10 of the Company's results announcement released to SGX-ST on 17 February 2015.

**10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The industry in which the Group operates continues to face soybean prices volatility, stiff competition price sensitivity and uncertainties arising from changes to China's economic environment and government policies (such as inflationary control) on soybean and soybean products.

Soybean products' prices were on a declining trend in 1Q15 arising from weak demand as a result of the slowing down of the China economy. This is aggravated by the decline in the international crude oil price which also exerts pressure on the soybean oil price. In view of these factors, the operating environment of the Group is expected to be challenging in 2015.

Management and the Board of Directors would make the appropriate strategic decision regarding the land vacated by the Group's pig rearing business.

**Alleged Fund Raising Activity of RMB300 million**

Further to Company's announcements released on 1 March 2014 and 14 March 2014, there had been no response to the Company's newspaper clarification notices published in the People's Republic of China.

**11. Dividend**

***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?

**No**

***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year?

**No**

***(c) Date Payable***

**N/A**

***(d) Books Closure Date***

**N/A**

**12. If no dividend has been declared/recommended, a statement to that effect**

**No dividend has been declared.**



**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13. Segmented revenue and results for business segments (of the group) for the current period reported on, with comparative information for the previous corresponding period.**

	<b>3 months period ended 31/03/15 RMB'000</b>	<b>Share of total (%)</b>	<b>3 months period ended 31/03/14 RMB'000</b>	<b>Share of total (%)</b>	<b>Change %</b>
<b>Revenue</b>					
Pig Rearing	-	-	21,068	1.76	(100.00)
Animal Feed*	52,756	5.18	52,639	4.39	0.22
Soybean Processing*	965,711	94.82	1,125,591	93.85	(14.20)
	<u>1,018,467</u>	<u>100.00</u>	<u>1,199,298</u>	<u>100.00</u>	<u>(15.08)</u>
<b>Profit / (Loss) Before Tax</b>					
Pig Rearing	(393)	(2.08)	(5,283)	(28.43)	(92.56)
Animal Feed	1,042	5.51	2,495	13.43	(58.24)
Soybean Processing	18,279	96.57	21,372	115.00	(14.47)
	<u>18,928</u>	<u>100.00</u>	<u>18,584</u>	<u>100.00</u>	<u>1.85</u>
Amortisation and depreciation	(17,293)		(22,316)		(22.51)
Interest income	2,317		2,495		(7.13)
Unallocated expenses	(1,343)		(1,713)		(21.60)
	<u>2,609</u>		<u>(2,950)</u>		

\* Revenue from continuing operations

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Please refer to item 8 for details.

**15. A breakdown of sales**

N/A



**16. Aggregate Value Of Interested Person Transactions Entered Into For The 3 Months Ended 31 March 2015**

**Pursuant to Rule 920 of the SGX-ST's Listing Manual, details of the aggregate value of interested person transactions entered into the 3 months period ended 31 March 2015, were as follows: -**

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Jiang Quan Hotel	RMB Expenses paid in relation to catering and accommodation services provided by Jiang Quan Hotel 130,000	Nil*

\*The Company does not have an IPT Mandate.

**BY ORDER OF THE BOARD**

**Wang Tingbao**  
**Director**  
**22 April 2015**

**CONFIRMATION BY DIRECTORS PURSUANT TO CLAUSE 705(5) OF THE LISTING MANUAL OF THE SGX-ST**

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of United Food Holdings Limited which may render these interim financial results to be false or misleading in any material respect.

**For and on behalf of the**  
**Board of Directors of**  
**United Food Holdings Limited**

**David Yip Wai Sun**  
**Director**

**Wang Tingbao**  
**Director**