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

TERMINATION OF DEED OF TERMINATION AND ENTRY INTO AGREEMENT ON TERMINATION OF THE SALE AND PURCHASE AGREEMENT AND ITS SUPPLEMENTS AND ASSET DISPOSAL

Unless otherwise specified, all capitalised terms used herein shall have the meanings ascribed to them in the announcements made by United Food Holdings Limited on 30 May 2023 regarding Entry into Deed of Termination.

1. INTRUDUCTION

The Board of Directors (the **"Board"**) of United Food Holdings Limited (the **"Company"** or together with its subsidiaries, the **"Group"**) wishes to announce that all parties to the Deed of Termination had unanimously agreed to terminate the Deed of Termination with immediate effect.

Following negotiations, the Company has entered into an Agreement on Termination of the Sale and Purchase Agreement and its supplements and Asset Disposal on 14 June 2024 (the "**Termination of SPA and Asset Disposal Agreement**") with the following parties :-

Name of Party	**Referred as**
Shenzhen Baoyao Agricultural Products Ltd.	Buyer Party AB
Brighten Ocean International Ltd.	Buyer Party C
United Food Holdings Limited	Issuer
Chengde Xingxinda Shengwu Keij Co., Ltd.	Seller Party A
Chengde Pumeida Shengwu Keji Co., Ltd.	Seller Party B
Lin Zhongshi	Seller Party C
Chengdu Purun Shengwu Zhiyao Co., Ltd.	Target Company A
Hebei Xingrun Shengwu Keji Gufen Co., Ltd.	Target Company B
Benchmark Trade Limited	Target Company C

2. RATIONALE

As announced by the Company in its quarterly results announcements and updates since 2020, the prolonged COVID-19 outbreak has a significant adverse impact on its businesses. The natural gas supply is required for the production of L-Ascorbyl Palmitate products and the Company did not expect the prolonged delay in the natural gas supply from the local government. The Company had tried to use portable supply of natural gas for interim production but found this to be not cost effective and the supply to be uncertain in local district. The Company has yet to receive any formal notification of the resumption in natural

gas supply as of to-date and the attempts to reach out for the government agencies for an update but to no avail.

The Additives related and Animal Feed/Traditional Medicine segments by Target Company A and Target Company B have been underperforming since its acquisition with shareholders' approval obtained on 20 July 2018 and the Company is not optimistic about the prospects of these businesses going forward.

The entry to the Termination of SPA and Asset Disposal Agreement is in line with the Group's intention to focus and continue exploring other potential growth sectors and unlock the value of an underperforming businesses, so as to strengthen the financial position of the Group in the best interests of the Company and its shareholders.

3. REFUND OF PAYMENT

Pursuant to the Termination of SPA and Asset Disposal Agreement, Seller Party B shall pay RMB25 million the following manner:-

Timeline	Amount	Remarks
Within 7 days from the date of the Termination of SPA and Asset Disposal Agreement	RMB3 million	Date of the Termination of SPA and Asset Disposal Agreement: 14 June 2024. **The Company had on 21 June 2024 received RMB3 million.**
Before 31 January 2025	RMB22 million	

If the Company fails to receive the payment within the timeline stipulated in the Termination of SPA and Asset Disposal Agreement, the Company shall have the right to unilaterally terminate this Agreement, and Seller Party B shall pay liquidated damages of RMB3 million to Buyer Party AB, who is entitled to directly deduct such liquidated damages from the refund already paid by Seller Party B.

4. NET PROFITS /VALUE OF ASSETS BEING DISPOSED

Based on the relevant unaudited financial statements as at 31 March 2024, the value of the net assets and net profit/loss being terminated by the Group pursuant to the Termination of SPA and Asset Disposal are RMB(11,289,230) and RMB(2,585,186) respectively.

The Group is expected to make the following profit on the Termination of SPA and Asset Disposal:-

	RMB'000
Consideration	25,000
Less: Net Asset Value of Additives related and Animal Feed/Traditional Medicine segments	(11,289)
Profit on the Termination	36,289

Notes:

(1) A breakdown of the assets and liabilities as at 31 March 2024 for the Target Group is set out below:

	Target group
	31/3/2024
	RMB'000
ASSETS	
Non-current assets	
Investment in subsidiary	-
Property, plant and equipment	544
Right-of-use assets	19,541
Intangible asset - patents	-
Goodwill	-
	20,085
Current assets	
Inventories	1,881
Trade and other receivables	52,961
Amount due from subsidiaries	-
Cash and cash equivalents	11
	54,853
Total assets	74,938
LIABILITIES	
Current liabilities	
Trade and other payables	30,211
Amounts due to holding company	50,529
Current tax payable	1,788
Borrowings	9,990
Contingent considerations	-
	92,518
Non-current liabilities	
Borrowings	-
Deferred tax liabilities	-
	-
Total liabilities	92,518
NET ASSETS	(17,580)
Attributable to:	
Owners of the Company	(11,289)
Non-controlling interest	(6,291)
	(17,580)

(2) Based on the announcement "4QFY2024 Financial Results" released on 30 May 2024, and the results are unaudited.

5. FINANCIAL EFFECTS

For illustration purposes only, the table below sets out the financial effects of the Termination of SPA and Asset Disposal based on the following bases and assumptions:-

(a) The unaudited consolidated financial statements of the Group for the financial year ended 31 March 2024;

(b) The Termination of SPA and Asset Disposal had been completed on 1 April 2023 for the purposes of illustrating the financial effect on the Group's earnings per share ("**EPS**"); and

(c) The Termination of SPA and Asset Disposal had been completed on 31 March 2024 for the purposes of illustrating the financial effect on the Group's net tangible assets ("**NTA**") per share.

	Before the Termination	**After the Termination**
Share Capital		
- Issued and paid up share capital (RMB)	18,685,000	18,685,000
- Number of shares	187,902,647	187,902,647
NTA		
- NTA (RMB)	100,327,000	146,619,000
- Number of shares	187,902,647	187,902,647
- NTA per share (RMB)	0.53	0.78
EPS		
- Loss after tax attributable to owners of the Company (RMB)	(12,049,000)	34,240,000
- Weight average number of shares	187,902,647	187,902,647
- Loss per share (RMB)	(0.06)	0.18

The financial effects of the Termination of SPA and Asset Disposal on the Group are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or position of the Group after the completion of the Termination of SPA and Asset Disposal.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures computed on the bases pursuant to Rule 1006(a) to (d) of the Listing Manual of the SGX-ST, in relation to the Termination of SPA and Asset Disposal are as follows:-

Listing Rule	**Bases of Calculation**	**Relative Figures for the Termination (%)**
1006(a)	The net asset value of the assets to be disposed of compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	(10.92)(1)
1006(b)	The net profits/loss attributable to the assets acquired or disposed of, compared with the Group's net profits/loss.	21.45(2)
1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalization based on the total number of issued shares excluding treasury shares.	58.64%(3)
1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable(4)
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable(5)

Notes :

(1) Based on the net asset value of the Target Companies of RMB(11,289,000) and the consolidated net asset value of the Group of RMB103,376,000 as at the financial period ended 31 March 2024.

(2) The unaudited net loss of the Target Companies was RMB(2,585,000) for the financial period ended 31 March 2024. The Group recorded an unaudited consolidated net loss of RMB(12,049,000) for its financial period ended 31 March 2024.

(3) The aggregate value of the consideration received was RMB25,000,000. The market value of the company before the trading suspension was RMB42,631,000.

(4) This is not an acquisition of assets.

(5) Target Companies are not oil or gas assets.

The relative figures computed on the bases set out in Rule 1006(a) and Rule(b) of the Listing Manual involve negative figures and that the transaction does not fall within all the situations in paragraphs 4.3 and 4.4 of Practice Note 10.1 of the Listing Manual. In such instance, as stated in Paragraph 4.6 of Practice Note 10.1 of the Listing Manual, the transaction would be deemed as a "Major Transaction" pursuant to Rule 1014 of the Listing Manual of the SGX-ST.

9. SHAREHOLDERS' APPROVAL

The Termination of SPA and Asset Disposal shall be subject to shareholders' approval. Further information of the Termination of SPA and Asset Disposal will be included in the Circular to be dispatched or released to shareholders in due course.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company (other than in their capacity as directors or Shareholders of the Company) has any interest, direct or indirect, in the Termination.

11. DOCUMENTS FOR INSPECTION

A copy of the Termination of SPA and Asset Disposal Agreement will be available for inspection during normal business hours at the Company's secretarial agent office at 38 Beach Road #29-11 South Beach Tower, Singapore 189767, for three (3) months from the date of this announcement.

12. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution when dealing or trading in the shares of the Company. The Termination may be subject to the relevant approvals (if any) from the shareholders of the Company and the SGX-ST (if relevant) being obtained, and to such further terms and conditions as are customary in similar transactions. The Company will provide further details in subsequent announcements in accordance with the listing rules of the SGX-ST at the appropriate junctures. Shareholders and potential investors are advised to consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board

Song Yanan
Non-Executive Chairman
27 June 2024