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 FULL YEARLY RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

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*Unless otherwise specified, all capitalised terms used herein shall have the meanings ascribed to them in the announcement made by United Food Holdings Limited on 30 May 2024 with respect to the Full Yearly Results for the financial year ended 31 March 2024 (the "**Announcement**").*

The board of directors (the "**Board**") of United Food Holdings Limited (the "**Company**", and collectively with its subsidiaries, the "**Group**") wishes to provide its responses to the following questions raised by Singapore Exchange Securities Trading Limited (the "**SGX-ST**") with respect to the Full Yearly Results for the financial year ended 31 March 2024 (the "**Financial Results**"):-

SGX-ST Query 1

We note from Page 22 that the Company had suspended the Trading Segment business segment since the end of 2019 but yet disclosed on Page 21 that the trade payables that aggregates to RMB 9.2 million are mainly from trading segment. Please explain why these significant trade payables still remain outstanding despite the cessation of trade segment business in 2019.

Company's response:

Trade payables comprised of –

Business Segment	Amount (RMB)	Remarks
Trading Segment	7.0 million	Payable to RTTL suppliers
Additive Related and Animal Feed/Traditional Medicine Business Segment	2.2 million	

Due to China and US trade war and the COVID-19 pandemic, the Group's trading business segment has been suspended since end of 2019. Management has been and will continue focusing on collection from trade debtors and repayment of the trade payables.

In the trading industry, reputation plays a crucial role, and both parties have a vested interest in avoiding legal disputes. Legal actions could significantly impact the long-term business relationship and reputation of both parties. The Company is actively working to collect outstanding receivables.

SGX-ST Query 2

Please disclose the breakdown of the administrative expenses of RMB 12.4 million with explanation on the material items contributing to such a significant balance that is more than 10x of the Company's revenue generated in FY2023 (RMB 1.2 million). To also explain the reasons for the increased administrative expenses incurred in FY2023 due to professional fees and salary expenses accrued despite the 10.5% decline in the Company's revenue generated in FY2023.

Company's response:

The breakdown of administrative expenses of RMB 12.4 million are as follows:

	RMB'000	% of total admin expenses
Salary expenses	4,774	39%
Professional fees	4,251	34%
Depreciations and amortizations	1,853	15%
Others	1,521	12%
Total	12,399	100%

Revenue in FY2024 decreased by 10.5% compared to FY2023, mainly due to the absence of the revenue from animal feed/ traditional medicine business in FY2024.

The management expenses in FY2024 increased compared to FY2023, mainly due to the following:

1. The Company has engaged professional lawyers for legal services, with legal fees amounting to RMB1.84 million in FY2024 in respect of the Special Audit and suspension matters; and

2. The Company accounted for relevant expenses and salaries in FY2024 and made accruals for the unpaid portion.

SGX-ST Query 3

Please disclose the breakdown of the finance expenses of RMB 0.96 million with explanation on the material items contributing to the balance. To also provide details on the Company's plan for repayment of the loans, which contributed to the significant finance expenses that is 81% of the Company's revenue generated in FY2023 (RMB 1.2 million).

Company's response:

The breakdown of the finance expenses of RMB 0.96 million are as follows:-

	RMB'000
Bank loan interest expenses	920
Other interest expenses	35
Total	955

The Group has a principal bank loan of RMB9.99 million. The financial expenses primarily consist of accrued bank loan interest amounting to RMB920,000.

The Company had entered into a Deed of Termination for the acquisition of (i) 80% of the total equity interests in HBXR, (ii) 80% of the total equity interests in CDPR and (iii) 80% of the issued and paid-up share capital of Benchmark. Please refer to the announcement "Entry into a Deed of Termination" released on 30 May 2023 for more details. After the Termination is executed, the vendors and the new management of HBXR/CDPR will address the bank loan matters.

Recently, the Company has made additional refinements to the agreements related to the Deed of Termination for the acquisition of (i) 80% of the total equity interest in HBXR, (ii) 80% of the total equity interest in CDPR, and (iii) 80% of the issued and paid-up share capital of Benchmark. The agreements have been reviewed by the Company's Directors, and are currently in the process of being signed. Once the signing is completed, the Company will make timely disclosures.

SGX-ST Query 4

Please disclose when the AC had requested for the immediate refund of the SST Deposit and explain why is "Ms Song is working on the transaction" instead of seeking the immediate refund. To also elaborate on the details of the transaction that Ms Song is working on.

Company's response:

To address the RMB35 million deposit and RMB50 million loan that Shenzhen Baoyao Agricultural Products Co., Ltd., a subsidiary of the Company paid to SST, Ms. Song engaged in multiple communications and negotiations with SST and its shareholders. She subsequently reported the negotiation outcomes to the Company's Board for review.

Shenzhen Baoyao Agricultural Products Co., Ltd. shall enter into a Cooperation Agreement with SST and its sole shareholder, Taifeng Intelligent Technology (Shenzhen) Co., Ltd. ("**TITS**"). The Corporation Agreement explicitly outlines the repayment terms for the RMB 50 million loan and specifies the utilization or repayment of the RMB 35 million deposit. The Company will promptly disclose further details once this agreement is executed.

SGX-ST Query 5

Please disclose the quantum of the profit guarantee and the profit made by Really Time Trading Limited ("**RTTL**") within the two years. To also disclose whether the trade receivables from RTTL's sales have been fully collected in cash and if not, please disclose the amount that has not yet been collected by RTTL.

Company's response:

The acquisition of Really Time Trading Limited (Trading segment) was completed on 22 August 2017.

The Group recorded segment results (EBITDA) of RMB 2.34 million for FY2017 and RMB 4.93 million for FY2018, and profit for the year of RMB1.95 million for FY2017 and RMB 3.75 million for FY2018 from its Trading segment.

Given the current economic situation in China following China and US trade war and post-epidemic, some industries are experiencing tight cash flow situation. Both upstream and downstream businesses have not been fully recovered to-date, leading to the slow recovery of cash chains.

The trade receivables from RTTL's sale were RMB 4.15 million. The Company expects to recover the remaining outstanding receivables from Shenzhen Huipusen Logistics Supply Chain Co., Ltd no later than December 2024.

SGX-ST Query 6

We refer to Paragraph 7 under Page 18. Please clarify with respect to each of the factors listed in (a) to (d) why the management is of the view that the existence of each of these factors justifies that the "going concern is appropriate".

Company's response:

The issues in (a) to (d) in paragraph 7 on page 18 of the results announcement mainly involve CDPR, HBXR, and Benchmark. Please refer to the relevant response in 'SGX-ST Query 3'. Furthermore, the Company has made additional refinements to the agreements concerning SST and KWJ. Management is confident in the Company's ability to recover a substantial amount of funds, which will contribute to improving the Company's cash flow situation. At the same time, the Company is actively exploring new business opportunities and will initiate targeted acquisition efforts at appropriate time. The Company will make necessary announcement if there is any significant progress.

SGX-ST Query 7

Please disclose details, including the size of its business and financial standing, of Tangshan Yuda Trading Co., Ltd (Holding Company of Kangweijian 康维健) and whether it has sufficient resources to repay the remaining outstanding principal of RMB43,352,000 with interest calculated at an annualized interest rate of 3% on the principal in August 2024.

Company's response:

In June 2024, KWJ has completed its first round of financing in China, with a pre-investment valuation of RMB460 million. A portion of the financing amount of RMB 52 million has been transferred to KWJ's account. The investors are Costone Asset Management Co., Ltd. and Huizhou Kanghong Enterprise Investment Partnership Enterprise.

To enhance the collection of receivables owing by KWJ, the Company has made further refinements to the agreement following the announcement - 'DEBT RESTRUCTURING FRAMEWORK -

UPDATE ON HBXR'S TRADE RECEIVABLES OWING BY KANGWEIJIAN', released on 27 November 2023. After the Board's review, the refined agreement is currently being finalized for signing. Once executed, the company will promptly disclose the details.

As the Company has been focusing on the health technology industry, it is also exploring potential expansion into the food and health sector in the future. Given that KWJ is an emerging biotechnology company in this field, the Company plans to closely monitor KWJ's development. When the right opportunity arises, the Company intends to invest in KWJ, adhering to the rules and regulations set by SGX-ST.

By Order of the Board

Song Yanan
Non-Executive Chairman
11 June 2024