# UNITED FOOD HOLDINGS LIMITED

## Financial Statements For The Year Ended 31 March 2020

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

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

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

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE TWELVE MONTHS ENDED 31 MARCH 2020

| | | Group | | | | | |
|---|---|---|---|---|---|---|---|
| | | 3 months ended | | | 12 months ended | 15 months ended | |
| | | 31 March 2020 | 31 March 2019 | Change | 31 March 2020 | 31 March 2019 | Change |
| | **Note** | RMB'000 | RMB'000 | % | RMB'000 | RMB'000 | % |
| **CONTINUING OPERATIONS** | | | | | | | |
| Revenue | (A) | 9,838 | 10,039 | (2.0) | 30,346 | 86,430 | (64.9) |
| Cost of sales | | (7,713) | (9,500) | (18.8) | (23,906) | (79,795) | (70.0) |
| Gross profit | (B) | 2,125 | 539 | 294.2 | 6,440 | 6,635 | (2.9) |
| Other income, net | (C) | 19 | (15,364) | N/M | 186 | 94,238 | (99.8) |
| Selling and distribution costs | | (220) | (199) | 10.6 | (1,140) | (251) | 354.2 |
| Administrative expenses | (D) | (2,909) | (13,050) | (77.7) | (12,786) | (19,827) | (35.5) |
| Finance expenses | | (99) | (201) | (50.7) | (951) | (582) | 63.4 |
| Other expenses, net | | (166) | (95) | N/M | (187) | (95) | 96.8 |
| Profit/(loss) before tax from continuing operations | | (1,250) | (28,370) | (95.6) | (8,438) | 80,118 | N/M |
| Income tax expenses | | (103) | (14) | 635.7 | (109) | (927) | (88.2) |
| Profit/(loss) for the period from continuing operations | | (1,353) | (28,384) | (95.2) | (8,547) | 79,191 | N/M |
| | | | | | | | |
| **DISCONTINUED OPERATION** | | | | | | | |
| Loss for the period from a discontinued operation | | - | - | N/M | - | (17,100) | N/M |
| | | | | | | | |
| Profit/(loss) for the period | | (1,353) | (28,384) | (95.2) | (8,547) | 62,091 | N/M |
| | | | | | | | |
| Attributable to : | | | | | | | |
| Owners of the Company | | (1,295) | (27,602) | (95.3) | (7,696) | 62,402 | N/M |
| Non-controlling interest | | (58) | (782) | (92.6) | (851) | (311) | 173.6 |
| | | | | | | | |
| | | | | | | | |
| LOSS PER SHARE | | | | | | | |
| - Basic | | (0.01) | (0.17) | | (0.04) | 0.40 | |
| - Diluted | | (0.01) | (0.17) | | (0.04) | 0.32 | |

**Note: For Notes (A) – (D), please refer to Item 8.**

**Note: N/A - Not applicable**
**N/M – Not meaningful**

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE TWELVE MONTHS ENDED 31 MARCH 2020

### The Group's loss before tax is arrived at after charging:

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | 3 months ended | | | 12 months ended | 15 months ended | |
| | 31 March 2020 | 31 March 2019 | Change | 31 March 2020 | 31 March 2019 | Change |
| | RMB'000 | RMB'000 | % | RMB'000 | RMB'000 | % |
| Profit/(loss) for the period | (1,353) | (28,384) | (95.2) | (8,547) | 62,091 | N/M |
| Other comprehensive income/(loss) | | | | | | |
| Exchange differences on translation of financial statements of foreign operation | 958 | (1,773) | N/M | 2,473 | (883) | N/M |
| Recycle of foreign currency translation reserves upon disposal of foreign operation | - | 1,857 | N/M | | 1,857 | N/M |
| Total comprehensive profit/(loss) for the period | (395) | (28,300) | (98.6) | (6,074) | 63,065 | N/M |
| Attributable to : | | | | | | |
| Owners of the Company | (334) | (27,631) | (98.8) | (5,210) | 63,465 | N/M |
| Non-controlling interest | (61) | (669) | (90.9) | (864) | (400) | 116.0 |

**The Group's profit before tax is arrived at after charging:**

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | 3 months ended | | | 12 months ended | 15 months ended | |
| | 31 March 2020 | 31 March 2019 | Change | 31 March 2020 | 31 March 2019 | Change |
| | RMB'000 | RMB'000 | % | RMB'000 | RMB'000 | % |
| Depreciation of property, plant and equipment | | | | | | |
| - Continuing operations | 560 | 526 | 6.5 | 2,319 | 1,001 | 131.7 |
| - Discontinuing operations | - | - | N/M | - | 4,802 | N/M |
| | 560 | 526 | 6.5 | 2,319 | 5,803 | (60.0) |
| Amortisation of land use rights and intangible assets | 79 | 4,557 | (98.3) | 316 | 7,046 | (95.5) |
| Gain on disposal of subsidiary | - | - | N/M | - | 27,178 | N/M |
| Finance cost | 99 | 201 | (50.7) | 951 | 582 | 63.4 |
| Fair value changes in contingent consideration | - | 26,951 | N/M | - | 26,951 | N/M |
| Gain from bargain purchase | - | (42,691) | N/M | - | 39,762 | N/M |
| Expected credit loss allowance on trade and other receivable | - | 3,092 | N/M | - | 3,092 | N/M |
| Foreign exchange (gain) loss | 958 | 1,046 | (8.4) | 2,473 | 1,046 | 136.4 |

| | 3 months ended | | | 12 months ended | 15 months ended | |
|---|---|---|---|---|---|---|
| | 31 March 2020 | 31 March 2019 | Change | 31 March 2020 | 31 March 2019 | Change |
| Other income, net | RMB'000 | RMB'000 | % | RMB'000 | RMB'000 | % |
| - Gain on bargain purchase | - | (42,691) | N/M | - | 39,762 | N/M |
| - Gain on disposal of subsidiaries | - | - | N/M | - | 27,178 | N/M |
| - Fair value changes in contingent consideration | - | 26,951 | N/M | - | 26,951 | N/M |
| - Others | 19 | 376 | (94.9) | 186 | 347 | (46.4) |
| | 19 | (15,364) | N/M | 186 | 94,238 | (99.8) |

**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 2020**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 31/3/2020 | 31/3/2019 | 31/3/2020 | 31/3/2019 |
| | **Note** | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Investment in subsidiary | | - | - | 9 | 9 |
| Property, plant and equipment | (E) | 17,678 | 20,148 | - | - |
| Land use rights | (E) | 10,828 | 11,010 | - | - |
| Intangible asset - patents | (E) | 141,553 | 141,687 | - | - |
| Goodwill | (F) | 12,742 | 12,742 | - | - |
| | | 182,801 | 185,587 | 9 | 9 |
| **Current assets** | | | | | |
| Inventories | | 2,554 | 1,518 | - | - |
| Trade receivables | (G) | 28,539 | 14,655 | - | - |
| Other receivables | (H) | 87,757 | 88,121 | 15,872 | 15,109 |
| Short-term investment | (I) | 40,000 | - | - | - |
| Amount due from subsidiaries | | - | - | 106,930 | 98,809 |
| Cash and cash equivalents | | 27,140 | 73,832 | 983 | 226 |
| | | 185,990 | 178,126 | 123,785 | 114,144 |
| **Total assets** | | 368,791 | 363,713 | 123,794 | 114,153 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Capital and Reserves** | | | | | |
| Issued capital | | 18,685 | 15,975 | 18,685 | 15,975 |
| Reserves | | 236,925 | 232,588 | 90,914 | 83,362 |
| Equity attributable to owners of the company | | 255,610 | 248,563 | 109,599 | 99,337 |
| Non-controlling interest | (J) | 29,777 | 30,641 | - | - |
| | | 285,387 | 279,204 | 109,599 | 99,337 |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | (K) | 48,914 | 49,879 | 488 | 898 |
| Amounts due to subsidiaries | | - | - | 13,707 | 13,918 |
| Current tax payable | | 779 | 919 | - | - |
| Bank loan | | 10,000 | 10,000 | - | - |
| Contingent considerations | (L) | 17,519 | 17,519 | - | - |
| | | 77,212 | 78,317 | 14,195 | 14,816 |
| **Non-current liabilities** | | | | | |
| Deferred tax liabilities | | 6,192 | 6,192 | - | - |
| | | 6,192 | 6,192 | - | - |
| **Total equity and liabilities** | | 368,791 | 363,713 | 123,794 | 114,153 |

**Note: For Notes (E) to (L), please refer to Item 8.**

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

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

| As at 31/3/2020 | | As at 31/3/2019 | |
|---|---|---|---|
| **Secured** | **Unsecured** | **Secured** | **Unsecured** |
| **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** |
| 10,000 | 22,580 | 10,000 | 21,940 |

### Amount repayable after one year

| As at 31/3/2020 | | As at 31/3/2019 | |
|---|---|---|---|
| **Secured** | **Unsecured** | **Secured** | **Unsecured** |
| **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** |
| N/A | N/A | N/A | N/A |

### Details of any collateral

The bank loan of RMB 10 million is secured by a charge on certain land use right and building.

## 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 STATEMENTS OF CASH FLOWS**
**FOR THE TWELVE MONTHS ENDED 31 MARCH 2020**

| | Group | |
|---|---|---|
| | 12 months ended | 15 months ended |
| | 31 March 2020 | 31 March 2019 |
| | RMB'000 | RMB'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit/(loss) before tax | | |
| From continuing operations | (8,438) | 80,118 |
| From a discontinued operation | - | (17,100) |
| Adjustments for: | | |
| Amortisation of land use rights and intangible assets - patents | 316 | 7,046 |
| Depreciation of property, plant and equipment | 2,319 | 1,001 |
| Translation difference | 2,473 | 1,046 |
| Gain on disposal of subsidiary | - | (27,178) |
| Loss on disposal of property, plant and equipment | 151 | - |
| Gain from bargain purchase | - | (39,762) |
| Fair value changes on contingent consideration | - | (26,951) |
| Finance cost | 951 | 582 |
| Bank interest income | (186) | (372) |
| Cash flow used in operating activities before working capital changes | (2,414) | (21,570) |
| Change in inventories | (1,036) | (13) |
| Change in trade and other receivables | (13,520) | 4,170 |
| Change in trade and other payables | (1,604) | 13,397 |
| Cash used in operations | (18,574) | (4,016) |
| Tax paid | (249) | (548) |
| Net cash (used in) / generated from operating activities | (18,823) | (4,564) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Cash received for disposal of a subsidiary | - | 35,565 |
| Cash received for disposal of property, plant and equipment | 19 | - |
| Cash received (used) for acquisition of a subsidiary | - | 931 |
| Deposit for potential business acquisitions | - | (25,000) |
| Cash used for property, plant and equipment | (20) | (226) |
| Cash used for short-term investment | (40,000) | - |
| Interest received | 186 | 372 |
| Net cash generated from / (used in) investing activities | (39,815) | 11,642 |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Advance from (Repayment to) a shareholder | 640 | - |
| Proceeds from issue of new shares | 12,257 | - |
| Finance cost | (951) | (582) |
| Net cash (used in) / generated from financing activities | 11,946 | (582) |
| **NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS** | (46,692) | 6,496 |
| Exchange differences | - | (72) |
| Cash and cash equivalents at the beginning of period | 73,832 | 67,408 |
| **CASH AND CASH EQUIVALENTS AT THE END OF PERIOD** | 27,140 | 73,832 |

**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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| Group | Issued capital | Share premium | Contributed surplus | Accumulated losses | Exchange translation reserve | Statutory reserves | Capital redemption reserve | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Balance at 1 April 2019 | 15,975 | 48,729 | 397,141 | (216,234) | (30) | - | 2,982 | 30,641 | 279,204 |
| Transactions with the owners recognised directly in equity | | | | | | | | | |
| Issue of new shares | 2,710 | 9,547 | - | - | - | - | - | | 12,257 |
| Acquisitions of subsidiaries | - | - | - | - | - | - | - | | - |
| Total transactions with the owners recognised directly in equity | 2,710 | 9,547 | - | - | - | - | - | - | 12,257 |
| Total comprehensive income for the period | | | | | | | | | |
| Profit/(loss) for the period | - | - | - | (7,696) | - | - | - | (851) | (8,547) |
| Exchange differences on translation of financial statements of foreign operation | - | - | - | - | 2,486 | - | - | (13) | 2,473 |
| Total comprehensive profit/(loss) for the period | - | - | - | (7,696) | 2,486 | - | - | (864) | (6,074) |
| Balance at 31 March 2020 | 18,685 | 58,276 | 397,141 | (223,930) | 2,456 | - | 2,982 | 29,777 | 285,387 |

| Group | Issued capital | Share premium | Contributed surplus | Accumulated losses | Exchange translation reserve | Statutory reserves | Capital redemption reserve | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Balance at 1 January 2018 | 15,975 | 48,729 | 397,141 | (298,067) | (1,093) | 19,431 | 2,982 | 1,278 | 186,376 |
| Transactions with the owners recognised directly in equity | | | | | | | | | |
| Issue of new shares | - | - | - | - | - | - | - | - | - |
| Acquisitions of subsidiaries | - | - | - | - | - | - | - | 29,763 | 29,763 |
| Total transactions with the owners recognised directly in equity | - | - | - | - | - | - | - | 29,763 | 29,763 |
| Total comprehensive income for the period | | | | | | | | | |
| Profit/(Loss) for the period | - | - | - | 62,402 | - | - | - | (311) | 62,091 |
| Exchange differences on translation of financial statements of foreign operation | - | - | - | - | 1,063 | - | - | (89) | 974 |
| Total comprehensive loss for the period | - | - | - | 62,402 | 1,063 | - | - | (400) | 63,065 |
| Transfer from statutory reserve to retained earn on disposal of foreign operation | - | - | - | 19,431 | - | (19,431) | - | - | - |
| Balance at 31 March 2019 | 15,975 | 48,729 | 397,141 | (216,234) | (30) | - | 2,982 | 30,641 | 279,204 |

| Company | Issued capital | Share premium | Contributed surplus | Accumulated losses | Exchange translation reserve | Capital redemption reserve | Total |
|---|---|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Balance at 1 April 2019 | 15,975 | 48,729 | 397,141 | (363,322) | (2,168) | 2,982 | 99,337 |
| Transactions with the owners recognised directly in equity | | | | | | | |
| Issue of new shares | 2,710 | 9,547 | - | - | - | - | 12,257 |
| Acquisitions of subsidiaries | - | - | - | - | - | - | - |
| Total transactions with the owners recognised directly in equity | 2,710 | 9,547 | - | - | - | - | 12,257 |
| Total comprehensive income for the period | | | | | | | |
| Loss for the period | - | - | - | (3,718) | - | - | (3,718) |
| Exchange differences on translation of financial statements of foreign operation | - | - | - | - | 1,723 | - | 1,723 |
| Total comprehensive income for the period | - | - | - | (3,718) | 1,723 | - | (1,995) |
| Balance at 31 March 2020 | 18,685 | 58,276 | 397,141 | (367,040) | (445) | 2,982 | 109,599 |

| Company | Issued capital | Share premium | Contributed surplus | Accumulated losses | Exchange translation reserve | Capital redemption reserve | Total |
|---|---|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Balance at 1 January 2018 | 15,975 | 48,729 | 397,141 | (431,879) | (2,867) | 2,982 | 30,081 |
| Transactions with the owners recognised directly in equity | | | | | | | |
| Issue of new shares | - | - | - | - | - | - | - |
| Acquisitions of subsidiaries | - | - | - | - | - | - | - |
| Total transactions with the owners recognised directly in equity | - | - | - | - | - | - | - |
| Total comprehensive income for the period | | | | | | | |
| Profit for the period | - | - | - | 68,557 | - | - | 68,557 |
| Exchange differences on translation of financial statements of foreign operation | - | - | - | - | 699 | - | 699 |
| Total comprehensive loss for the period | - | - | - | 68,557 | 699 | - | 69,256 |
| Balance at 31 March 2019 | 15,975 | 48,729 | 397,141 | (363,322) | (2,168) | 2,982 | 99,337 |

**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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.**

There were no treasury shares and subsidiary holdings. The Company does not have any shares that issued on conversion of any outstanding convertibles as at 31 March 2020 and 31 March 2019.

The acquisition of Hebei XingrunShengwuKejiGufen Co., Ltd. ("HBXR"), Chengde PurunShengwuZhiyao Co., Ltd. ("CDPR") and Benchmark Trade Limited ("Benchmark") (the "Acquisition") was approved at the Special General Meeting ("SGM") held on 20 July 2018, and completed in end September 2018.Per the Acquisition circular dated 8 July 2018, the balance purchase price of RMB85,000,000 will be paid by issuance of convertible bond in three tranches subject to the aggregate net profit after tax of the companies shall not be less than RMB25,000,000 for each of FY2019, FY2020, and FY2021 (collectively).

The Company had entered into a supplemental agreement with the parties on 7 June 2019 (the "2019 Supplemental Agreement"). The key amendments of the 2019 Supplemental Agreement amongst others including each of the First Bond Subscription Date, Second Bond Subscription Date, and Third Bond Subscription Date to be the date falling not more than 120 days from the financial year end of FY2020, FY2021, and FY2022 respectively. Assuming a full conversion of the principal amount of RMB85,000,000 in bonds to be issued, the 38,576,307 Conversion Shares will be issued in FY2023.

**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.**

| | Number of ordinary shares (par value of HK$0.10 each) | Number of ordinary shares (par value of HK$0.10 each) |
|---|---|---|
| Issued and fully paid: | | |
| As at 1 April 2019 and 1 April 2018 | 157,901,384 | 157,901,384 |
| Issuance of new shares during the twelve months period | 30,001,263 | - |
| As at 31 March 2020 and 31 March 2019 | 187,902,647 | 157,901,384 |

The Company did not hold any treasury shares as at 31 March 2020 and 31 March 2019.

The Acquisition was approved at the SGM held on 20 July 2018, and completed in end September 2018. Per the Acquisition circular dated 8 July 2018, the balance purchase price of RMB85,000,000 will be paid by issuance of convertible bond in three tranches subject to the aggregate net profit after tax of the companies shall not be less than RMB25,000,000 for each of FY2019, FY2020, and FY2021 (collectively).

The Company had entered into 2019 Supplemental Agreement. The key amendments of the 2019 Supplemental Agreement amongst others including each of the First Bond Subscription Date, Second Bond Subscription Date, and Third Bond Subscription Date to be the date falling not more than 120 days from the financial year end of FY2020, FY2021, and FY2022 respectively. Assuming a full conversion of the principal amount of RMB85,000,000 in bonds to be issued, the 38,576,307 Conversion Shares will be issued in FY2023.

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

Not applicable.

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

Not applicable.

**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.

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

N/A

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

a) Updates on the efforts taken to resolve each outstanding audit issue.

1. Discontinued operations and Disposal group classified as held for sale

The auditors' report dated 24 June 2019 on the financial statements for the financial period ended 31 March 2019 contained a modified opinion as the auditors were denied access by the new owners to the financial information and management accounts of the Discontinued operations and Disposal group classified as held for sale that were disposed of in May 2018. The auditors stated that they were unable to carry out the procedures to satisfy themselves as to the extent of the loss of RMB17.1 million on discontinued operations for the 5-months period prior to the disposition of the subsidiaries and the reported gain on disposal of subsidiaries to the sum of RMB27.2 million arising from the disposal that has been included in the consolidated statement of profit or loss and comprehensive income of the Group for the 15-month period ended 31 March 2019.

The Company's Executive Director had contacted the head office of the Purchaser several times, but they responded that they were not allowed to provide the financial management information and related books and records to our auditor due to their company's ongoing technology and onsite developments which is confidential. Despite the efforts made by management, the denial of access by the Purchaser is beyond the control of the Company's Board and management.

2. Occurrence and accuracy of payroll expenses for redundant employees of RMB 3.4 million incurred by a subsidiary of the Group for the year ended 31 December 2017 ("FY2017 Payroll Expenses")

Management considers this issue to be resolved as the disposal of subsidiaries was completed in May 2018 and is of the view that the FY2017 Payroll Expenses did not have any impact on the current or comparative figures for the current financial year ending 31 March 2020.

b) Confirmation from the Board that the impact of all outstanding audit issues in the financial statements have been adequately disclosed.

The Board confirmed that the impact of all outstanding audit issues in the financial statements have been adequately disclosed.

**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 March 2019.

**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**

The adoption of the new or revised IFRS such as IFRS 9 Financial Instrument and IFRS 15 Revenue from contract with customers that are mandatory for financial year beginning on or after 1 January 2018, and such adoption has no significant impact on the Group's consolidated financial statements.

**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**

| | Group | | | |
|---|---|---|---|---|
| | 3 months ended | | 12 months ended | 15 months ended |
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| | RMB | RMB | RMB | RMB |
| **PROFIT/(LOSS) PER ORDINARY SHARE** | | | | |
| (i) Based on weighted average number of ordinary shares in issue | | | | |
| - For profit (loss) for the period | (0.01) | (0.17) | (0.04) | 0.40 |
| - For profit (loss) from continuing operations for the period | (0.01) | (0.17) | (0.04) | 0.50 |
| - For (loss) from discontinued operations for the period | - | - | - | (0.10) |
| (ii) On a fully diluted basis | | | | |
| - For profit (loss) for the period | (0.01) | (0.17) | (0.04) | 0.32 |
| - For profit (loss) from continuing operations for the period | (0.01) | (0.17) | (0.04) | 0.40 |
| - For (loss) from discontinued operations for the period | - | - | - | (0.10) |

(i) Profit/(loss) per ordinary share on the existing issued share capital is computed based on the weighted average number of shares in issue during three months ended 31 March 2020 of 187,902,647 and twelve months ended 31 March 2020 of 187,902,647 shares (three and fifteen months ended 31 March 2019 of 157,901,384 shares).

(ii) There were potential dilutive ordinary shares in existence for the three and twelve months ended of 31 March 2020, diluted number of shares of 226,478,954 and 214,183,354 respectively, and diluted number of shares of three and fifteen months ended 31 March 2019 of 196,477,691.

(iii) a. The Acquisition was approved at the SGM held on 20 July 2018, and completed in end September 2018. Per the Acquisition circular dated 8 July 2018, the balance purchase price of RMB85,000,000 will be paid by

issuance of convertible bond in three tranches subject to the aggregate net profit after tax of the companies shall not be less than RMB25,000,000 for each of FY2019, FY2020, and FY2021 (collectively).

b. The Company had entered into the 2019 Supplemental Agreement. The key amendments of the 2019 Supplemental Agreement amongst others including each of the First Bond Subscription Date, Second Bond Subscription Date, and Third Bond Subscription Date to be the date falling not more than 120 days from the financial year end of FY2020, FY2021, and FY2022 respectively. Assuming a full conversion of the principal amount of RMB85,000,000 in bonds to be issued, the 38,576,307 Conversion Shares will be issued in FY2023.

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

| | Group | | Company | |
|---|---|---|---|---|
| | 31/3/2020 | 31/3/2019 | 31/3/2020 | 31/3/2019 |
| | RMB | RMB | RMB | RMB |
| **NET ASSETS VALUE PER ORDINARY SHARE** | | | | |
| Net asset backing per ordinary share based on existing issued share capital as at the end of the period report on | 1.36 | 1.57 | 0.58 | 0.63 |

The net asset value for the Group and the Company per ordinary share were calculated based on 187,902,647 shares and 157,901,384 shares in issue as at 31 March 2020 and 31 March 2019 respectively.

**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 from continuing operations**

The Group recorded revenue of RMB9.8 million in the Fourth quarter ended 31 March 2020 ("4Q2020") compared to RMB10.0 million in 5Q2018/2019, representing an decrease of 2.0%. The revenue of RMB9.8 million was mainly from the Group's Additives Related Segment.

The Group recorded revenue of RMB30.3 million for the year ended 31 March 2020 (FY2020) compared to RMB86.4 million in FY2019, representing a decrease of 64.9%. The revenue of RMB30.3 million was mainly from the Group's Trading Segment and Additives Related Segment.

The revenues generated from the newly acquired subsidiaries, CDPR and HBXR/Benchmark were RMB0.2 million and RMB17.0 million for the year ended 31 March 2020. Revenue from CDPR which was mainly derived from the animal feed/traditional medicine segment had adversely affected by the African swine fever as majority of the products were sold to the poultry industry. Revenue from HBXR/Benchmark which was mainly derived from L-Ascorbyl Palmitate or anti-oxidant manufactory machineries related selling, had also adversely affected by the lack of supply of natural gas from the local government, environmental regulation during the winter period, and COVID-19 impact.

**(B) Gross profit**

Gross profit from continuing operations

The Group recorded a gross profit margin of 21.2% for the continuing operations in FY2020 which was mainly contributed by Trading Segment and Additive Related Segment.

**(C) Other income**

Other income of RMB186,000 was recorded in FY2020 comprised mainly interest income, as compared to other income of RMB94.2 million in FY2019 mainly derived from the Acquisition and the gain on disposal of subsidiaries, Post-Ante Trading Limited, Globe Bright Limited, Linyi Shengquan Grease Co., Ltd. ("SQ Grease") and Linyi Jiang Tian Trading Limited. A breakdown of the other income is as follows:-

| | 12 months ended | | 15 months ended |
|---|---|---|---|
| | 31 March 2020 | | 31 March 2019 |
| | RMB'000 | | RMB'000 |
| Gain from bargain purchasse | - | | 39,762 |
| Gain on disposal of subsidiaries | - | | 27,178 |
| Changes in fair value of contingent consideration | - | | 26,951 |
| Others | 186 | | 347 |
| | 186 | | 94,238 |

**(D) Administrative expenses**

Administrative expenses decreased by RMB10.1m or 77.7% in 4Q2020 compared to 5Q2018/2019, mainly due to the decrease in expenses in 4Q2020 resulted from the COVID-19 impact.

**(E) PPE, land use rights, intangible assets-patents**

The decrease in PPE, land use rights and intangible assets was mainly attributable to depreciation and amortization charges.

Intangible assets- patents of RMB141.5 million was derived based on the closing balance of the audited financial statements as of 31 March 2019. The amount is subjected to change upon finalisation of the valuation report on patents, carried out by an independent valuer, Ascent Partner and the same is being reviewed by the Auditors.

**(F) Goodwill**

Goodwill is from the acquisition of Really Time Trading Limited, which was completed in August 2017.

Goodwill of RMB12.7 million was derived based on the closing balance of the audited financial statements as of 31 March 2019. The amount is subjected to change upon finalisation of the valuation report on patents, carried out by an independent valuer, Ascent Partner and the same is being reviewed by the Auditors.

**(G) Trade receivables.**

Trade receivables were mainly the receivables of Really Time Trading Limited.

**(H) Other receivables.**

Other receivables include deposits paid to the vendors of one potential acquisition projects amounting to RMB35 million, which will become part of the consideration after the completion of the acquisitions and/or refundable after the cancellation of the acquisitions. The potential acquisition projects have business operations which are similar in scope to the Group. The Group had received RMB3.5 million in May 2020 out of the total remaining proceeds of RMB15 million from disposal of SQ Grease. The balance proceeds of RMB11.5 million is expected to be received in September 2020.

**(I) Short-term investment.**

The Group has a short-term investment of RMB40.0 million in a low-risk fund managed by a licensed fund company in China under Shenzhen Hui Pu Seng Cai Fu Investment Co., Ltd., with reasonable return.

**(J) Non-controlling interest.**

Non-controlling interest comprises minority shareholder interests from Really Time Trading Limited, HBXR, CDPR and Benchmark.

**(K) Trade and other payables**

The trade payables were mainly from trading segment and other payables were mainly the other payables from subsidiaries of the acquisition of HBXR, CDPR. Also included in other payable is a cash purchase consideration from acquisition of new subsidiaries of RMB10 Million which have not yet paid as at 31 March 2020.

**(L) Contingent considerations**

Contingent considerations arose from the Acquisition which was completed in September 2018. The contingent consideration comprises the convertible bond to be issued which is contingent on the profit guarantee of the vendors. The contingent consideration is classified as financial liability measured at fair value, changes in fair value is recognized in profit and loss. In view of the COVID-19 outbreak, profit guarantee of the vendors for FY2020 might not be met.

Contingent considerations of RMB17.5 million was derived based on the closing balance of the audited financial statements as of 31 March 2019. The amount is subjected to change upon finalisation of the valuation report on patents, carried out by an independent valuer, Ascent Partner and the same is being reviewed by the Auditors.

**(M) Cash flow statement**

Net cash flow of RMB46.7 million was used in FY2020, in which net cash of RMB18.8 million was used in operating activities, net cash of RMB39.8 million was used in investing activities, and net cash of RMB11.9 million was generated from financing activities.

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

N/A.

**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**

Despite challenging market conditions with the prolonged trade war between China and US, the Group continues to focus on sales and expansion of market share leveraging on its network and actively sourcing for new customers including

venturing other means of new income stream for its L-Ascorbyl Palmitate license. The Company is also exploring the potential market for its L-Ascorbyl Palmitate in other agricultural countries.

The Group expect the prolonged COVID-19 outbreak to have significant adverse impact on its businesses. Notwithstanding China has relax its movement within its provinces in May 2020, amidst 2nd wave of mutated COVID-19, the local government has restored certain precaution measures such as border travel restriction. The impact of the COVID-19 remains uncertain and the Group is unable to quantify the impact at this point in time.

## 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***

**Not applicable**

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

**Not applicable**

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

No dividend has been declared as the Company has incurred a net loss for 4Q2020 and year ended 31 March 2020.

## 13. Confirmation that the issue has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Board of Directors of United Food Holdings Limited hereby confirms that the undertakings from all its Directors and Executive Officers as required in the format as set out under Rule 720(1) of the Listing Manual were procured.

## 14. Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purposes, a breakdown with specific details on how the proceeds have been applied must be disclosed

For the 4Q2020, funds from the Net Proceeds raised from the Placement of 30,001,263 new ordinary shares have been utilised and the details were as depicted in table below:-

Table showing utilisation of Net Proceeds

| Intended use of proceeds | Amount allocated | Amount utilised | Balance |
|---|---|---|---|
| Exploration of investments, acquisitions, strategic alliances and/or joint ventures | S$1,649,970.70 | S$143,509.70 | S$1,506,461.00 |

| | | | |
|---|---|---|---|
| General working capital | S$707,130.30 | S$707,130.30 | Nil |

As at to date, the utilisation of the net proceeds arising from the Placement is consistent with the intended use as disclosed in the announcements released on 5 July 2019, 13 August 2019, 23 August 2019 and 29 August 2019.

The Company will make further announcements via SGXNet on the use of the remaining proceeds as and when they are materially disbursed.

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

### 15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **For the 12 months period** | Continuing operations | | | | | Discontinued operations | | | | |
| **ended 31 March 2020** | | | | | | | | | | |
| | Trading | Additive related | Animal feed/ traditional medicine | Others | **Sub-total** | Soybean processing | Feed production | Pig rearing | **Sub-total** | **Consolidated** |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | **RMB'000** | RMB'000 | RMB'000 | RMB'000 | **RMB'000** | **RMB'000** |
| **Segment revenue** | | | | | | | | | | |
| Net sales to external customers | 13,068 | 17,045 | 192 | 41 | **30,346** | - | - | - | - | **30,346** |
| **Segment results** | (1,172) | 1,926 | (3,771) | (4,656) | **(7,673)** | - | - | - | - | **(7,673)** |
| Bank interest income | | | | 186 | **186** | | | | | **186** |
| Bank interest cost | | | (951) | | **(951)** | | | | | **(951)** |
| PPA adjustment on dep and amortisation | | - | - | | - | | | | | - |
| FV gain on contingent consideration | | - | - | | - | | | | | - |
| **Loss before tax** | | | | | **(8,438)** | | | | - | **(8,438)** |
| **For the 15 months period** | Continuing operations | | | | | Discontinued operations | | | | |
| **ended 31 March 2019** | | | | | | | | | | |
| | Trading | Additive related | Animal feed/ traditional medicine | Others | **Sub-total** | Soybean processing | Feed production | Pig rearing | **Sub-total** | **Consolidated** |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | **RMB'000** | RMB'000 | RMB'000 | RMB'000 | **RMB'000** | **RMB'000** |
| **Segment revenue** | | | | | | | | | | |
| Net sales to external customers | 86,144 | 2 | 284 | - | **86,430** | - | - | - | - | **86,430** |
| **Segment results** | 4,929 | (1,599) | (3,010) | (7,048) | **(6,728)** | (9,762) | (6,921) | (417) | **(17,100)** | **(23,828)** |
| Bank interest income | | | | 372 | **372** | | | | | **372** |
| Bank interest cost | | | (582) | | **(582)** | | | | | **(582)** |
| PPA adjustment on dep and amortisation | | (5,842) | (993) | | **(6,835)** | | | | | **(6,835)** |
| Gain on disposal of subsidiary | | | | 27,178 | **27,178** | | | | | **27,178** |
| Gain from bargain purchase | | 25,992 | 13,770 | | **39,762** | | | | | **39,762** |
| FV gain on contingent consideration | | 20,758 | 6,193 | | **26,951** | | | | | **26,951** |
| **Profit / (Loss) before tax** | | | | | **80,118** | | | | **(17,100)** | **63,018** |

**Geographical information**

| | Group | | |
|---|---|---|---|
| | 12 months ended | 15 months ended | |
| Revenues | 31 March 2020 | 31 March 2019 | Change |
| | RMB'000 | RMB'000 | % |
| Mainland China | 17,278 | 286 | 5941.26 |
| Hong Kong | 13,068 | 86,144 | (84.83) |
| | 30,346 | 86,430 | (64.89) |

**16. 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 Items 8 and 14.

**17. Analysis of sales**

| **Analysis of sales** | | | |
|---|---|---|---|
| | 12 months ended | 15 months ended | |
| | 31 March 2020 | 31 March 2019 | Change |
| | RMB'000 | RMB'000 | % |
| Revenue reported for 1st half year (Jan - June) | 14,251 | 21,794 | (34.61) |
| Operating loss after tax before deducting minority interest reported for 1st half year (Jan - June) | (6,964) | 9,625 | N/M |
| Revenue reported for 2nd half year (Jul - March) | 16,095 | 64,636 | (75.10) |
| Operating loss after tax before deducting minority interest reported for 2nd half year (Jul - March) | (1,583) | 52,466 | N/M |

**18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

N/A

**19. Aggregate Value of Interested Person Transactions Entered Into For The Twelve Months Ended 31 March 2020**

**Pursuant to Rule 920 of the SGX-ST's Listing Manual, details of the aggregate value of interested person transactions entered into for the twelve months ended 31 March 2020, were as follows: -**

The Company does not have an IPT Mandate.

**20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of SGX-ST, the Group would like to confirm that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial shareholder of the Company

**BY ORDER OF THE BOARD**
**UNITED FOOD HOLDINGS LIMITED**

**Wu Xiaoran**
**Director**
**29 July 2020**