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 TERMINATION OF DEED OF TERMINATION AND ENTRY INTO NEW AGREEMENT

---

*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 27 June 2024 with respect to the Termination of Deed of Termination and Entry into new Agreement (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 Termination of Deed of Termination and Entry into new Agreement:-

SGX-ST Query 1

The Company had disclosed that Chengdu Purun Shengwu Zhiyao Co., Ltd. ("**CDPR**") [Target Company A] and Hebei Xingrun Shengwu Keji Gufen Co, Ltd. ("**HBXR**") [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." On 27 June 2024, the Company announced that it had terminated its Deed of Termination and entered into in a new Agreement. Please disclose why the Company had not announced the Termination of SPA and Asset Disposal Agreement when it was signed on 14 June 2024.

Company's response:

The Company did not announce the Termination of SPA and Asset Disposal Agreement (the "**Agreement**") immediately after signing, due to following reasons:

1. The Company considered making an announcement after receiving the first payment of RMB 3 million as stipulated in the Agreement. The Company had on 21 June 2024 received the first payment.

2. After receiving the duly executed Agreement, the Company needed time to prepare an announcement in accordance with Listing Rules 1006 and 1010 of the SGX-ST Listing Manual. These Rules involve compiling financial data for Chengdu Purun Shengwu Zhiyao Co., Ltd. ("**CDPR**"), Hebei Xingrun Shengwu Keji Gufen Co., Ltd. ("**HBXR**"), and Benchmark Trade Limited (the three companies are collectively referred to as the "**target company**"), as well as the calculation of indicators required by the Rules.

SGX-ST Query 2

We note from the Shareholders Circular dated 5 July 2018 that the aggregate purchase consideration for the Target Companies was RMB 120 million. Yet, the Company had announced that it will receive refund payment of RMB 25 million in total from the Termination of SPA and Asset Disposal Agreement, disposing the assets back to the original vendors. Please explain the reasons for agreeing to the refund payment that only amounts to ~20% of the original purchase consideration paid by the Company, quantify factors taken into account in arriving at it and robust justify how is this in the interest of the Company. In your response, please also provide the AC's bases for approving the Termination of SPA and Asset Disposal Agreement.

Company's response:

The consideration disclosed in the Circular to shareholders on 5 July 2018 and the payment status of the consideration as of the date of signing of the Termination of SPA and Asset Disposal Agreement are as follows:

Consideration disclosed in the Circular to shareholders	Payment status
1. Deposit of RMB25,000,000	Paid
2. Cash Consideration of RMB10,000,000 at Completion Date	Unpaid
3. balance purchase price of RMB85,000,000 by way of the issuance of Bonds, convertible at the Conversion Price with a Conversion Period of one year commencing on the first day of FY2021, subject to the terms and conditions of the Profit Warranty.	The company has not issued any bonds as of the signing date of the Termination of SPA and Asset Disposal Agreement as the Target Company did not meet the profit guarantee conditions specified in the original Sale and Purchase Agreement and its supplements.

As of the signing date of the Termination of SPA and Asset Disposal Agreement, the Company had paid RMB 25 million in cash. The Termination of SPA and Asset Disposal Agreement provides that the unfulfilled portion of the original Sale and Purchase Agreement and its supplements will no longer be performed. Therefore, the Company is not obligated to pay any additional consideration beyond the RMB 25 million in cash already paid. Once the Termination of SPA and Asset Disposal Agreement is fulfilled, the Company can recover all the funds it paid to acquire the target company.

As of 31 March 2024, the unaudited financial data recorded that the target company's net assets were RMB (11,289,230) and its net profit was RMB (2,585,186). By disposing the target company, it allows the Company to divest loss-making assets and reducing financial strain. The Company can recover RMB 25 million it initially paid for the acquisition. Overall, the disposal improves the Company's capital flow situation and is in the Company's interests.

The Audit Committee ("**AC**") approved and recommended the Board for signing of the Termination of SPA and Asset Disposal Agreement based on the aforementioned factors. Prof Ling, an independent director and an AC member of the Company abstained from voting on this matter.

SGX-ST Query 3

Pursuant to Listing Rules 1010(5),1010(6), 1010(11), 1010(12), please disclose:

a. The value (book value and the latest available open market value) of the assets being disposed of, and in respect of the latest available valuation, the value placed on the assets, the party who commissioned the valuation and the basis and date of such valuation;

Company's response:

Based on the unaudited financial data as of 31 March 2024, the target company's net assets were RMB (11,289,230). However, according to Listing Rule 1006, the highest value of the calculated indicator was 58.64%, which falls short of the 75% threshold required by Listing Rule 1014 (5) that an independent evaluation agency must be required. Therefore, the Company has not engaged an independent third-party evaluation agency to evaluate the target company. However, as the transaction advances, if the board of directors deems it necessary, or if the SGX-ST requires it, the Company will also appoint an evaluation agency to evaluate the target company.

b. In the case of a disposal, the excess or deficit of the proceeds over the book value, and the intended use of the sale proceeds;

Company's response:

Based on the relevant unaudited financial statements as at 31 March 2024, in the case of the disposal, the excess of the proceeds over the book value were as follows:

	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

The Company will receive RMB 25 million in cash from the disposal. These funds will be used as the Company's general working capital and will also be allocated towards identifying new business opportunities and the suitable investment projects.

c. Whether any director or controlling shareholder has any interest, direct or indirect, in the transaction and the nature of such interests; and

Company's response:

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the transaction.

d. Details of any service contracts of the directors proposed to be appointed to the issuer in connection with the transaction.

Company's response:

No director will be appointed to the issuer in connection with this transaction.

SGX-ST Query 4

We note that the Company had also recently announced the entry into an additional payment agreement on 21 June 2024 whereby HBXR [Target Company B] will be receiving a debt repayment of RMB 42.9 million guaranteed by Ms Song Yanan, the Company's Non-Executive Chairman and Controlling Shareholder. In that regard, please disclose:

a. Why is it in the interest of the Company to sell HBXR [Target Company B], Benchmark Trade Limited [Target Company C] and CDPR [Target Company A] for only RMB 25 million when it is expected that HBXR [Target Company B] will be receiving repayment of RMB 42.9 million; and

Company's response:

In order to protect the Company's interests, the Company's wholly-owned subsidiary Shenzhen Baoyao Agricultural Products Co., Ltd. (referred to as "**SZBY**") is a party added to the signed new Additional Payment Agreement. SZBY will assume the debt held by HBXR (equipment principal of RMB 42.8735 million and interest) in the new Additional Payment Agreement. This move ensures the Company retains control over its debt.

b. Whether the potential disposal of HBXR [Target Company B] under the Termination of SPA and Asset Disposal Agreement will mean that the Company will no longer be entitled to their share of the recovery of RMB 42.9 million by HBXR.

Company's response:

According to the new Additional Payment Agreement, the Company's wholly-owned subsidiary SZBY assumed the debt held by HBXR. This debt includes the equipment principal of RMB42.9 million and accrued interest. The Company retains the right to recover the debt.

By Order of the Board

Song Yanan
Non-Executive Chairman
4 July 2024