UNITED FOOD HOLDINGS LIMITED

First Quarter Financial Statements for the Three Months Ended 31 March 2018

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 THREE MONTHS ENDED 31 MARCH 2018

		Group		
		3 months ended		
		31/3/2018	31/3/2017	Change
	Note	RMB'000	RMB'000	%
CONTINUING OPERATIONS				
Revenue	(A)	2,823	-	N/A
Cost of sales		(2,631)	-	N/A
Gross profit / (loss)	(B)	192	-	N/A
Other income		2	-	N/A
Administrative expenses	(C)	(771)	(346)	122.8
Profit/(loss) before tax from continuing operations		(577)	(346)	66.8
Income tax expenses		-	-	N/M
Profit/(loss) for the period from continuing operations		(577)	(346)	66.8
DISCONTINUED OPERATION				
Loss for the period from a discontinued operation	(D)	(12,870)	(14,223)	(9.5)
Profit/(loss) for the period		(13,447)	(14,569)	(7.7)
Attributable to :				
Owners of the Company		(13,438)	(14,569)	(7.8)
Non-controlling interest		(9)	-	N/M
LOSS PER SHARE				
- Basic		(0.09)	(0.12)	
- Diluted		N/A	N/A	

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 THREE MONTHS ENDED 31 MARCH 2018

	Group		
	3 months ended		
	31/3/2018	31/3/2017	Change
	RMB'000	RMB'000	%
Profit/(loss) for the period	(13,447)	(14,569)	(7.7)
Other comprehensive income/(loss)			
Exchange differences on translation of financial statements of foreign operation	(308)	23	1239.1
Total comprehensive loss for the period	(13,755)	(14,546)	(5.4)
Attributable to :			
Owners of the Company	(14,022)	(14,546)	(3.6)
Non-controlling interest	267	-	N/M
The Group's loss before tax is arrived at after charging:			

	Group		
	3 months ended		
	31/3/2018	31/3/2017	Change
	RMB'000	RMB'000	%
Depreciation	3,334	3,864	(13.7)
Amortisation of land use rights	1,660	1,930	(14.0)

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 2018

ASSETS					
Non-current assets					
Investment in subsidiary		-	-	9	9
Property, plant and equipment		2	3	-	-
Goodwill	(E)	12,742	12,742	-	-
		12,744	12,745	9	9
Current assets					
Inventories		-	-	-	-
Trade receivables	(F)	14,016	11,695	-	-
Other receivables	(G)	60,104	60,107	102	106
Amount due from subsidiaries		-	-	41,022	43,630
Cash and cash equivalents		62,066	62,973	752	1,006
		136,186	134,775	41,876	44,742
Disposal group classfied as held for sale		64,612	77,850	-	-
		200,798	212,625	41,876	44,742
Total assets		213,542	225,370	41,885	44,751
EQUITY AND LIABILITIES					
Capital and Reserves					
Issued capital		15,975	15,975	15,975	15,975
Reserves		155,101	169,123	12,311	14,106
Equity attributable to owners					
of the company		171,076	185,098	28,286	30,081
Non-controlling interest	(H)	1,545	1,278	-	-
		172,621	186,376	28,286	30,081
LIABILITIES					
Current liabilities					
Trade and other payables	(I)	27,500	25,147	510	1,131
Amounts due to subsidiaries		-	-	13,089	13,539
Amount due to a shareholder	(J)	708	321	-	-
Current tax payable		151	598	-	-
		28,359	26,066	13,599	14,670
Disposal group classfied as held for sale		12,562	12,928	-	-
Total liabilities		40,921	38,994	13,599	14,670
Total equity and liabilities		213,542	225,370	41,885	44,751

Note: For Notes (E) to (J), 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 31/3/2018		As at 31/12/2017	
Secured	**Unsecured**	**Secured**	**Unsecured**
RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
N/A	708	N/A	321

Amount repayable after one year

As at 31/3/2018		As at 31/12/2017	
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 STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2018

	Group	
	3 months ended	
	31/3/2018	31/3/2017
	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax		
From continuing operations	(577)	(346)
From a discontinued operation	(12,870)	(14,223)
Adjustments for:		
Amortisation of land use rights	1,660	1,930
Depreciation of property, plant and equipment	3,334	3,864
Bank interest income	(2)	(21)
Cash flow used in operating activities before working capital changes	(8,455)	(8,796)
Change in inventories	3,884	1,965
Change in trade and other receivables	(2,318)	241
Change in trade and other payables	1,540	3,829
Cash used in operations	(5,349)	(2,761)
Interest received	2	21
Net cash generated from / (used in) operating activities	(5,347)	(2,740)
CASH FLOW FROM FINANCING ACTIVITIES		
Advance from a shareholder	387	613
Repayment of advance to a shareholder	-	(1,064)
Proceeds from issue of new shares	-	4,032
Share issue expenses	-	(174)
Net cash generated from financing activities	387	3,407
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(4,960)	667
Exchange differences	(308)	23
Cash and cash at the beginning of period	67,408	24,292
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	62,140	24,982

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	Share premium	Contributed surplus	Accumulated losses	Exchange translation reserve	Statutory reserves	Capital redemption reserve	Non-contrilling 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	-	-	-	-	-	-	-	-	-
Total transactions with the owners recognised directly in equity	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period									
Profit/(loss) for the period	-	-	-	(13,438)	-	-	-	(9)	(13,447)
Exchange differences on translation of financial statements of foreign operation	-	-	-	-	(584)	-	-	276	(308)
Total comprehensive profit/(loss) for the period	-	-	-	(13,438)	(584)	-	-	267	(13,755)
Balance at 31 March 2018	15,975	48,729	397,141	(311,505)	(1,677)	19,431	2,982	1,545	172,621

Group	Issued capital	Share premium	Contributed surplus	Accumulated losses	Exchange translation reserve	Statutory reserves	Capital redemption reserve	Non-contrilling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2017	11,779	-	397,141	(229,263)	183	19,431	2,982	-	202,253
Transactions with the owners recognised directly in equity									
Issue of new shares	1,954	1,904	-	-	-	-	-	-	3,858
Acquisitions of subsidiaries	-	-	-	-	-	-	-	-	-
Total transactions with the owners recognised directly in equity	1,954	1,904	-	-	-	-	-	-	3,858
Total comprehensive income for the period									
Loss for the period	-	-	-	(14,569)	-	-	-		(14,569)
Exchange differences on translation of financial statements of foreign operation	-	-	-	-	23	-	-		23
Total comprehensive loss for the period	-	-	-	(14,569)	23	-	-		(14,546)
Balance at 31 March 2017	13,733	1,904	397,141	(243,832)	206	19,431	2,982	-	191,565

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	-	-	-	(443)	-	-	(443)
Exchange differences on translation of financial statements of foreign operation	-	-	-	-	(1,352)	-	(1,352)
Total comprehensive loss for the period	-	-	-	(443)	(1,352)	-	(1,795)
Balance at 31 March 2018	15,975	48,729	397,141	(432,322)	(4,219)	2,982	28,286

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 2017	11,779	-	397,141	(427,148)	(1,408)	2,982	(16,654)
Transactions with the owners recognised directly in equity							
Issue of new shares	1,954	1,904	-	-	-	-	3,858
Acquisitions of subsidiaries	-	-	-	-	-	-	-
Total transactions with the owners recognised directly in equity	1,954	1,904	-	-	-	-	3,858
Total comprehensive income for the period							
Loss for the period	-	-	-	(346)	-	-	(346)
Exchange differences on translation of financial statements of foreign operation	-	-	-	-	1,086	-	1,086
Total comprehensive loss for the period	-	-	-	(346)	1,086	-	740
Balance at 31 March 2017	13,733	1,904	397,141	(427,494)	(322)	2,982	(12,056)

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 may be issued on conversion of any outstanding convertibles as at 31 March 2018 and 31 December 2017.

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)
Issued and fully paid:		
At 1 January 2018		157,901,384
		-
		-
At 31 March 2018		157,901,384

The Company did not hold any treasury shares as at 31 March 2018 and 31 December 2017.

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.

N/A

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.

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.

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 2017.

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 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		
	31/3/2018		31/3/2017
	RMB		RMB
LOSS PER ORDINARY SHARE			
(i) Based on weighted average number of ordinary shares in issue			
- For profit (loss) for the period	(0.09)		(0.12)
- For profit (loss) from continuing operations for the period	(0.00)		(0.00)
(ii) On a fully diluted basis	N/A		N/A

(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 2018 of 157,901,384 shares (three months ended 31 March 2017: 119,865,834 shares).

(ii) There were no potential dilutive ordinary shares in existence for the three months ended 31 March 2018 and 31 March 2017, respectively and accordingly, no diluted loss per share has been presented.

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	
	31/3/2018	31/12/2017	31/3/2018	31/12/2017
	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	1.08	1.18	0.18	0.19

The net asset value for the Group and the Company per ordinary share were calculated based on 157,901,384 shares and 132,097,041 shares in issue as at 31 March 2018 and 31 March 2017 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 a revenue of RMB2.8 million in the first quarter ended 31 March 2018 ("1Q2018") compared to RMB0 million in 1Q2017. The revenue of RMB2.8 million was from Trading Segment, Really Time Trading Limited which the Group acquired in August 2017.

Revenue from discontinued operations

The Group's investments in Post-Ante Trading Limited, Globe Bright Limited, Linyi Shengquan Grease Co., Ltd and Linyi Jiang Tian Trading Limited related to the soybean processing, feed production and pig rearing operating segments are classified as assets held for sale at 31 December 2017 as the Group has received approval at the Special General Meeting ("SGM") on 29 March 2018 to dispose of the operations. The disposal was completed on 10 May 2018 (after the period under review).

Soybean Processing

Our Soybean Processing Segment did not have any revenue in 1Q2018 and 1Q2017, because the Group suspended the production of this division since 5 July 2015.

Feed Production

Our Feed Production Segment recorded a revenue of RMB28.6 million in 1Q2018 compared to RMB34.3 million in 1Q2017, representing a decrease of 17%. The decrease in revenue was mainly due to the decrease in market demand of the product. The Feed Production subsidiary has been classified as held for sales.

(B) Gross profit /(loss) margin

The Group recorded a gross profit margin of 6.8% for the continuing operations in 1Q2018 which was contributed by the Trading Segment.

Gross loss from discontinued operations

The Group recorded a gross loss margin of 11% for the discontinued operations in 1Q2018 which was contributed by Feed Production Segment compare to a gross profit margin of 1.1% in 1Q2017. The increase in gross loss was mainly due to a decrease in selling prices of our animal feed products and a increase in cost of goods sold of those products in 1Q2018.

(C) Administrative expenses

Administrative expenses increased by 122.8% in 1Q2018 compared to 1Q2017, mainly due to the increase in professional services fee in 1Q2018.

(D) Loss for the period from a discontinued operation

The loss for the period was mainly caused by the Feed Production Segment.

(E) Goodwill

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

(F) Trade receivables

Trade receivables are mainly the receivables from Really Time Trading Limited.

(G) Other receivables

Other receivables include deposits paid to the vendors of two potential acquisition projects amounting to RMB60 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.

(H) Non-controlling interest

Non-controlling interest is the Minority shareholder interest from Really Time Trading Limited. The Group completed the acquisition of Really Time Trading Limited in August 2017.

(I) Trade and other payables

The increase in trade and other payables are mainly the trade payable increase from Really Time Trading Limited compared to 4Q2017.

(J) Amount due to a shareholder

Amount due to a shareholders are denominated in Hong Kong dollars, unsecured, non- interest bearing and repayable on demand.

(K) Cash flow statement

Net cash flow of RMB4.9 million was used in 1Q2018 mainly due to operating activities.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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

With references made to the announcements made on 17 October 2017, 16 November 2017, 24 November 2017 and 14 March 2018 for disposal of the aforementioned operations and affected business units and subsequently the disposal have been granted approval by the shareholders at the SGM held on 29 March 2018. The Group completed the disposal on 10 May 2018.

As announced on 5 October 2017, the Company is currently in the midst of an acquisition that focuses in the agribusiness and animal feed operations and are involved in the development, manufacture and sale of animal feed and animal feed-related products in People's Republic of China ("PRC"). The Target Companies also owns patents and conducts extensive research and development into bio-chemical related technologies, and the development, synthesis and sale of antioxidants.

This proposed acquisition together with the existing trading business of the Group will improve shareholder value for the Group in FY2018 and beyond. The circular for this acquisition is pending approval from SGX. However, with the official shares transfers process in PRC requiring approximately 3 months to complete, there is a risk for the acquisition of not completing due to the time constraint of the acquisition's long stop date being 30 June 2018. The Group's management is currently working diligently with the SGX to meet the deadline.

Moving forward, the Group concluded that the future pursuit of the Company would mainly aim at sustainable developments within the food industry, and to also achieve high ethical standards in maximizing on i) transparency ii) fairness iii) humanitarian iii) socially responsibility and iv) food safety and quality assurance.

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.

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. Aggregate value of Interested Person Transactions entered into for the three months ended 31 March 2018

The Company does not have IPT.

15. Confirmation by Directors pursuant to Clause 705(5) of the Listing Manual of the SGX-ST

On behalf of the Board of Directors of the Company, we, Song Yanan and Wu Xiaoran, being Directors of the Company, hereby 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 the unaudited financial statements for the three months ended 31 March 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD
UNITED FOOD HOLDINGS LIMITED

Wu Xiaoran
Director
11 May 2018