

MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED ACQUISITION OF 80% OF THE ENTIRE ISSUED AND PAID UP CAPITAL OF THE REALLY TIME TRADING LIMITED

1. INTRODUCTION

The Board of Directors of United Food Holdings Limited (the "**Company**") wishes to announce that a wholly owned subsidiary of the Company, Pearlfield China Limited ("**PCL**"), had on 21 April 2017 entered into a memorandum of understanding ("**MOU**") with Tsang Miu Wan ("**Vendor**"), the sole shareholder of Really Time Trading Limited ("**Target Company**"), for the acquisition of 8,000 ordinary shares in the issued and paid up capital of the Target Company, representing 80% of the entire issued and paid-up capital of the Target Company (the "**Sale Shares**") ("**Proposed Acquisition**").

PCL and the Vendor ("**Parties**") agree that the MOU is intended to set out the main heads of agreement between the Parties in relation to the Proposed Acquisition, and is not legally binding on the Parties, save for certain clauses (relating to, *inter alia*, exclusivity) which shall be legally binding on the Parties.

The Proposed Acquisition will be subject to the terms and conditions as set out in the definitive agreements, including the sale and purchase agreement ("**Sale and Purchase Agreement**"), to be entered into between the Parties.

2. DETAILS OF THE TARGET COMPANY

The Target Company is a private company limited by shares incorporated in Hong Kong. The Target Company has a wholly owned subsidiary, Shenzhen Hualitai Food Trading Co., Ltd., that is incorporated in People's Republic of China and is in the business of trading, procurement and distribution of food products including pork related food products, kitchenware, food additives and food related packaging products and materials in the Hong Kong, People's Republic of China and Southeast Asian countries (collectively, The Target Company and Shenzhen Hualitai Food Trading Co., Ltd., the "**Target Group**"). As at the date of this announcement, the issued and paid-up share capital of the Target Company is HK\$10,000 comprising 10,000 ordinary shares.

The Vendor was introduced to the Company by our Non-Executive Chairman, Ms Song Yanan. As at the date of this announcement, the Vendor does not have any shareholding interests, direct or indirect, in the Company, and is not related to any of the Company's directors, chief executive officer or controlling shareholder, or their respective associates. The Company's directors, chief executive officer or controlling shareholder, or their respective associates do not have any shareholding interests, direct or indirect, in the Target Company, and they are not related to any of the Target Company's directors or controlling shareholder, or their respective associates.

3. RATIONALE FOR THE PROPOSED ACQUISITION

This proposed strategic investment is aligned with the Group's plans to diversify and expand into complementary business areas within the agricultural and food production industry. The Board believes that the Proposed Acquisition will allow the Group to strengthen its competitive advantage and value proposition in the food industry and eventually gain access to new markets, customers and business opportunities.

4. SALIENT TERMS OF THE MOU

4.1. Further action

The Parties agree to negotiate in good faith to execute definitive documentation by no later than 30 June 2017.

4.2. Purchase consideration

The aggregate purchase consideration of RMB16,000,000 equivalent to HK\$18,081,139 based on the exchange rate of S\$0.8849:HK\$1.00 as at 20 April 2017, for the Sale Shares shall comprise:

- (a) a refundable cash deposit of RMB15,000,000 ("**Deposit**"); and
- (b) the balance purchase consideration of RMB1,000,000 to be payable to the Vendor by way of issuance of 615,065 new ordinary shares in the capital of the Company ("**Consideration Shares**") at an issue price of S\$0.330 ("**Issue Price**") by the Company to the Vendor and/or her designated nominees, credited as fully paid up and free and clear from any and all encumbrances and together with all rights attaching or accruing thereunto and such Consideration Shares shall rank *pari passu* with the existing issued shares of the Company as at date of completion of Proposed Acquisition.

4.3. Profit warranty

The Vendor undertakes to the Purchaser that the consolidated profit of the Target Group shall not be less than RMB2,000,000 for each of the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019. In the event there is a shortfall, the Vendor shall make the corresponding payment to PCL within a specified period of time.

4.4. Exclusivity

The Vendor shall not nor shall she permit any of her respective affiliates to solicit or enter into any understanding, contracts or agreements with any third party, and shall negotiate exclusively with PCL for the term of six months from the date of the MOU.

5. FURTHER ANNOUNCEMENTS

The Company will make further announcements as appropriate when there are material developments to the Proposed Acquisition.

6. TRADING CAUTION

Shareholders are advised to exercise caution in trading their shares. The Proposed Acquisition is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should 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
Date: 21 April 2017