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 FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (1Q2024)

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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 14 August 2023 with respect to the Unaudited Financial Statements for the financial period ended 30 June 2023 (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 queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") with respect to the Unaudited Financial Statements for the financial period ended 30 June 2023 (the "**Financial Results" or "1Q2024**").

SGX-ST Query 1

We note that administrative expenses had increased by approximately 166% from RMB3.3 million as at 30 June 2022 to RMB8.7 million as at 30 June 2023. Please provide a breakdown of the administrative expenses of RM8.7 million in comparison to the RM 3.3 million in the corresponding period and explain the nature of the expenses and movement for each material item.

Company's response:

The breakdown of the accrued administrative expenses is as follows :

	Item	Amount	Exchange Rate	RMB	Nature of expenses
1	Independent Director's fee	HKD850,000	0.91	773,500	Director's fees
2	Professional fee	SGD400,000	5.50	2,200,000	Consulting fees for WongPartnership LLP
3	Foo Kon Tan LLP	RMB700,000	1.00	700,000	Audit fee
4	Salaries and Professional fees	HKD2,000,000	0.91	1,820,000	Mainly employees' salaries and corporate secretarial and share registrar fees
5	Total			5,493,500	

SGX-ST Query 2

Please explain why finance expenses decreased by 92.2% from RMB206,000 as at 30 June 2022 to RMB16,000 as at 30 June 2023, notwithstanding that the level of borrowings had remained the same at RMB9.99 million.

Company's response:

The Company is in the midst of discussing with the bank on the loan renewal terms. As such, no finance expenses has been accrued as at 30 June 2023.

SGX-ST Query 3

In respect of the Group's current trade and other receivables of RMB139.6 million as at 30 June 2023, please disclose:

(a) aging of the Group's trade and other receivables in bands of 3 months, with the ceiling of the period of the upper band clearly disclosed;

Company's response:

Trade and other receivables	Amount (RMB)	Aging schedule
HBXR's trade receivables-康维健	44,852,000	Over 18 months
Really time's trade receivables	4,223,000	Over 36 months
Sundry trade receivables	636,000	Over 36 months
Shenzhen Shareihome Technology Co., Ltd. ("**SST**")	85,000,000	Over 27 months
CDPR's other receivables	2,299,000	Over 27 months
HBXR's other receivables	1,485,000	Over 27 months
Sundry other receivables	1,088,000	Over 27 months
Total	139,583,000	

(b) breakdown of specific details of the Group's underlying transactions of its material items in other receivables and disclose the terms of the transactions and explain why it remains outstanding in such significant amounts;

Company's response:

Trade and other receivables	Amount (RMB)	Nature of underlying transactions	Repayment Status
HBXR's trade receivables- 康维健	44,852,000	Provision of services and supplies in the Group's Additives Related Segment.	1. The Company expects to receive RMB1.67 million in September 2023. 2. The remaining outstanding will be repaid within the next 12 months from October 2023.
SST	85,000,000	The amount of RMB85.0 million comprised of RMB35.0 million refundable deposit for investment in SST and RMB50.0 million interest free loans.	If the acquisition does not materialize, SST will refund the refundable deposit within 5 months from the date of notification including the loans.

(c) What actions had been taken by the board to recover the trade and other receivables and the status of such actions and collectability; and

Company's response:

The Company has announced the disposal of Hebei Xingrun Shengwu Keji Gufen Co., Ltd. ("**HBXR**") on 30 May 2023. The Company will be applying for a waiver from compliance with Rules 1014(2) and 1014(5) of the Listing Manual of the SGX-ST subject to the receipt of the 1st Tranche of RMB2 million.

The Group's Non-Executive Chairman and controlling shareholder, Ms Song Yanan ("**Ms Song**") is working on the HBXR disposal. Ms Song will update the Company to make the necessary announcement(s) as and when there is any material development.

The AC has instructed for the refund of the SST deposit given the expiry of the long stop date. Ms Song is working on the SST transaction. Ms Song will update the Company to make the necessary announcement(s) as and when there is any material development.

(d) The Board's assessment of the recoverability of the remaining trade and other receivables.

Company's response:

Ms Song will update the Company to make the necessary announcement(s) as and when there is any material development.

SGX Query 4

Please disclose a breakdown of trade and other payables amounting to RMB49.7 million as at 30 June 2023. For other payables, please disclose the aging and nature of these other payables and whether the counterparties are related parties.

Company's response:

Trade and other payables	Amount (RMB)	Nature of underlying transactions	Related parties or not
Really time's trade payables	7,131,000	Operation	Not
Hebei project's trade payables	2,261,000	Operation	Not
Sundry trade payables	30,000	Operation	Not
Hebei Acquisition payables	10,000,000	Operation	Not
CDPR's other payables	10,773,000	Operation	Not
HBXR's other payables	8,337,000	Operation	Not
Professional fees etc accrued	5,500,000	Operation	Not
Really time's other payable	1,844,000	Operation	Not
YR's other payables	1,030,000	Operation	Not
Sundry other payables	2,808,000	Operation	Not
Total	**49,714,000**		

SGX Query 5

Please disclose the maturity date of the borrowings and whether the Group is able to repay such borrowings as and when they fall due. Please substantiate your response with data.

Company's response:

The maturity date of the borrowing was 9 January 2022.

The Audit Committee ("**AC**") has instructed for (1) the repayment schedule of KWJ by December 2023, (2) the immediate refund of the SST deposit given the expiry of the long stop date, and (3) Ms Song to provide an immediate RMB5 million by end August 2023 to support short term working capital. Ms Song has agreed to provide the funding in October 2023. Ms Song is working on the 3 transactions. Ms Song will update the Company to make the necessary announcement(s) as and when there is any material development.

SGX Query 6

The Company had disclosed, inter alia, "the deposit of RMB35 million would be refunded per the terms and conditions of an agreement entered between SST and the Company, if the Company does not proceed with the investment".

Please disclose when the agreement was signed, the status of the agreement with SST and the reason why the Company has not proceeded with the investment and has not received any refund from SST and has also not sought to call on the guarantee from Ms Song Yanan from the repayment of the security deposit paid by the Company.

Company's response:

The Company had signed a Corporate Framework Agreement with SST in April 2021. Due to the current economic downturn in China following post-epidemic, various industries have been facing tight cash flow position. As a result, it has not been possible to conduct a comprehensive evaluation of SST and obtain its reasonable market value. In addition, the weakening economic

outlook had led to the financial challenges associated with SST's business development. Chairman has been working closely SST management team for potential investment or repayment of deposit and loans.

The AC has instructed for the refund of the SST deposit given the expiry of the long stop date. Ms Song, is working on the SST transaction and will update the Company to make the necessary announcement(s) as and when there is any material development.

SGX Query 7

The Company has disclosed that it has engaged Savills China as a new professional valuer to assess the recoverable amount of goodwill together with the expected resumption of Really Time Trading Limited ("**RTTL**")'s trading operations in due course.

Please elaborate on the business operations of Really Time Trading, the reasons why its operations had ceased and the plan how such problems with the cessation will be resolved to enable Really Time Trading to commence operation again and the timeline for the re-commencement and who are its target customers.

Company's response:

The principal business activities of RTTL are import-export trading, procurement and distribution of food products including pork related food products, kitchenware, food additives and food related packaging products and materials, in Hong Kong, People's Republic of China and Southeast Asian countries.

Due to the China and US trade war and the COVID-19 pandemic, the Group's trading business segment has stilled. The upstream and downstream businesses have not been fully recovered as of to-date which led to the slow recovery of cash chains. RTTL has suspended its import and export business in 2019.

The Company does not expect the re-commencement of the operation of RTTL and will seek appropriate legal recourse against RTTL's customers for payment based on the purchase contracts.

The AC has instructed for the recovery of the RTTL monies through appropriate legal recourse. Ms Song is working on the RTTL transaction. Ms Song will update the Company to make the necessary announcement(s) as and when there is any material development.

SGX Query 8

With regards to collection of debts of Really Time Trading, the Company had disclosed that it expects to recover receivables Shenzhen Huipusen Logistics Supply Chain Co., Ltd by end of Sep 2023. Please disclose:

(i) the amount owing by this debtor;

Company's response:

The amount owing by Shenzhen Huipusen Logistics Supply Chain Co., Ltd is RMB4,223,000.

(ii) the current status of its operations;

Company's response:

Given the weakening China domestic economic situation, challenging international trade environment, and the unusual exchange rate fluctuation, RTTL's operation is currently at a standstill.

(iii) why was it unable to repay its debts earlier;

Company's response:

The AC has instructed for the recovery of the Shenzhen Huipusen Logistics Supply Chain Co through appropriate legal recourse. Ms Song is working on the Shenzhen Huipusen Logistics Supply Chain Co transaction. Ms Song will update the Company to make the necessary announcement(s) as and when there is any material development.

(iv) the source of its funds for the repay the Group by Sep 2023; and

Company's response:

The Company did not receive any payment from Shenzhen Huipusen Logistics Supply Chain Co as of 30 August 2023.

(v) any relationships between the shareholders/directors, management of Really Time/the group with Shenzhen Huipusen Logistic, its directors, shareholders and key management or their respective associates.

Company's response:

The Company holds 80% equity interest in the capital of RTTL. Ms Zheng Miaoyun ("**Ms Zheng**"), the sole Director, General Manger and legal representative who has been in-charge of RTTL's operations. Ms Zeng is not interested in or has any relationship with Shenzhen Huipusen Logistic, its directors, shareholders and key management or their respective associates.

SGX Query 9

The Company had disclosed, inter alia, "The Group's Chairwoman and controlling shareholder, Ms Song Yanan, has on 18 July 2021, indicated her intention to the Board to support the Group's working capital requirements for the next 12 months after the reporting date."

Please disclose the amount of support given under this intention to-date and the periods when these were paid to the Company and the use of proceeds.

Company's response:

The AC has instructed Ms Song to provide an immediate RMB5 million by end August 2023 to support short term working capital and she has agreed to provide the funding in October 2023. Ms Song will update the Company to make the necessary announcement(s) as and when there is any material development.

From January 2023 to August 2023, the Company has not received any funding from Ms Song for the Group's working capital requirements.

SGX Query 10

We note from page 18 of the 1Q2023 financial statements that other receivables include deposits paid to the vendors of potential acquisition projects amounting to RMB85.0 million. Please disclose:

(a) the identity of the vendor and whether the vendor is related to the Company's directors, CEO, controlling shareholders or their associates;

Company's response:

The amount of RMB85.0 million comprised of RMB35.0 million refundable deposit for investment in SST and RMB50.0 million interest free loan. The holding company of SST is Shenzhen Taifeng Technology Co., Ltd. which held by Tomobo Intelligence Technology Co. Limited. The legal representative of SST is Lou Jin.

(b) the terms and status of the acquisition projects, including but not limited to the Listing Rule 1006 relative figures in relation to the acquisitions, as well as the information required under Listing Rule 1010;

Company's response:

The Company engaged the following professionals to perform due diligence on the SST acquisition:-

a) Baker Tilly as auditors;
b) Crowe Horwath Capital Pte. Ltd. as the financial advisor;
c) Cushman & Wakefield as the valuer; and
d) Rajah & Tan LLP ("**R&T**") as a legal counsel in Singapore & JunHe LLP as a legal counsel in Beijing as the collabration partner with R&T.

(collectively, the '**Professionals**')

According to the management, the Professionals have conducted the fieldwork and collected the corresponding data respectively. At present, the legal fieldwork in PRC China had been

completed. The auditors had also completed collecting the audit samples and materials and are now in discussion on the extended scope of audit.

In general, the basic data for the valuaion assessment had been collected and is at the stage of data verification. The Company expects the due diligence exercise will take another month or so for the respective professionals to issue their report.

Subject to the satisfaction of the due diligence exercise to be carried by the Group's engaged professional valuer, the Company's right of conversion of security deposit of RMB85 million into equity interest in the capital of SST shall be contingent upon the Company obtaining all relevant approvals (including from its shareholders).

The Company will provide further details in subsequent announcements in accordance with the listing rules of the SGX-ST at the appropriate junctures.

(c) whether such deposits will be refunded to the Co and

Company's response:

The AC has instructed for the immediate refund of the SST deposit given the expiry of the long stop date. Ms Song is working on the SST transaction. Ms Song will update the Company to make the necessary announcement(s) as and when there is any material development.

(d) whether the Company has complied with the requirements under Chapter 10 of the Listing Manual in relation to the acquisitions. If not, please comply accordingly.

Company's response:

Subject to the satisfaction of the due diligence exercise to be carried by the Group's engaged professional, the Company will comply the requirements under Chapter 10 of the Listing Manual in relation to the acquisition.

SGX-ST Query 11

The Company had disclosed that its trading segment and other payables were mainly the other payables from subsidiaries of the acquisition of HBXR, CDPR. Also included in other payable was a cash purchase consideration from acquisition of new subsidiaries of RMB10 million which have not been paid as at 30 June 2023.

Please disclose which are these new subsidiaries acquired for RMB 10 million and details of the acquisition, from whom were each of these subsidiaries acquired, the NTA and consideration payable and the vendor and ultimate beneficial shareholders of each of the vendors.

Company's response:

The cash purchase consideration was for the acquisition of HBXR, Chengde Purun Shengwu Zhiyao Co., Ltd. ("**CDPR**") and Benchmark. The acquisition had been completed and the completion announcement was announced on 27 November 2018. As the vendors did not meet

the profit guarantee terms as set out in the agreement, the Company did not issue any shares including payment of the remaining consideration of RMB10 million in order to protect the Company's interest. Subject to meeting the profit guarantee or mutual agreement within the parties, the Company will update the shareholders accordingly.

The Company has announced the disposal of HBXR on 30 May 2023. The Company will be applying for a waiver from compliance with Rules 1014(2) and 1014(5) of the Listing Manual of the SGX-ST subject to the receipt of the 1st tranche of RMB2 million.

Ms Song is working on the HBXR disposal. Ms Song will update the Company to make the necessary announcement(s) as and when there is any material development.

SGX-ST Query 12

The Company had disclosed, inter alia, "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… In view of the unexpected COVID 19 outbreak, profit guarantee of the vendors for FY2023 might not be met."

Please disclose the consideration paid to-date, details of when and amount of the profit guarantee payable by the vendors, the actual profit or loss incurred by the Acquisition target in the last 2 financial years, and the value of the financial liability recorded by the Company in its books.

Company's response:

As disclosed in the announcement titled "Proposed Acquisition of 80% Shareholding Interest in the Target Companies (as defined herein) as a Major Transaction" released on 5 October 2023, the details of the Purchase Consideration are as below:

"The aggregate purchase consideration of RMB120,000,000 ("Purchase Consideration") for the Sale Shares shall comprise:

(a) a deposit of RMB25,000,000, which the Purchasers have deposited with Vendor B (as the designated nominee for and on behalf of the Vendors);

(b) a cash consideration of RMB10,000,000 payable to Vendor B (as the designated nominee for and on behalf of the Vendors)

*(c) the balance purchase price of RMB85,000,000 payable to Vendor C by way of the issuance of zero per cent. convertible bonds, convertible at a price of S$0.45 (the "Conversion Price") with a conversion period of one year commencing on the first day of the financial year ended 31 December 2021 ("FY2021") (the "**Bonds"**), subject to the terms and conditions of the Profit Warranty."*

The Company has only paid the deposit of RMB25,000,000 to Vendor B. The balance consideration consisting of cash consideration of RM10,000,000 and issuance of convertible bond

amounting to RMB85,000,000 in contingent of fulfilment of conditions precedent by the Vendor, including the profit guarantee of not less than RMB25,000,000 over three financial years.

In view of the unexpected outbreak of Covid-19 and sluggish economic conditions in China, the Vendor has consistently failed to meet the profit guarantee conditions. As at the date of this announcement, the Bonds amounting to RMB85,000,000 are not issued due to non-fulfilment of conditions and the cash consideration of RMB10,000,000 has not been paid by the Company.

The Company has announced the disposal of HBXR on 30 May 2023. The Company will be applying for a waiver from compliance with Rules 1014(2) and 1014(5) of the Listing Manual of the SGX-ST subject to the receipt of the 1st Tranche of RMB2 million.

Ms Song is working on the HBXR disposal. Ms Song will update the Company to make the necessary announcement(s) as and when there is any material development.

SGX-ST Query 13

It was disclosed, inter alia, "The Company and its subsidiaries, Shenzhen Baoyao Agricultural Products Ltd. and Brighten Ocean International Ltd. have engaged a legal counsel and entered into a deed of termination with Chengde Xingxinda Shengwu Keji Co., Ltd., Chengde Pumeida Shengwu Keji Co., Ltd. and Lin Zhongshi in relation to the sale and purchase agreement dated 5 October 2017, as amended and supplemented by the supplemental agreements entered into by the parties on 26 June 2018, 1 October 2018 and 7 June 2019 for the acquisition of (i) 80% of the total equity interests in HBXR, (ii) 80% of the total equity interest in CDPR and (iii) 80% of the issued and paid-up share capital of Benchmark Trade Limited".

Please disclose the name of the legal counsel, the date it was appointed, the amount recovered by the legal counsel since the termination of these agreements. Please also disclose whether the Co had recorded any profits or losses incurred by HBXR, CDPR and Benchmark Trade Limited since its acquisitions in 2017, 2018 and 2019 and how these would be treated as a result of the termination.

Company's response:

The Company had engaged a PRC legal firm, Guangdong Zhuming Law Firm to review the terms of the Deed of Termination.

The Group is expected to make the following profit on the Termination:-

	RMB'000
Consideration	25,000
Less: Net Asset Value of Additives related and Animal Feed/Traditional Medicine segments	(10,870)
Profit on the Termination	35,870

Note:

(1) A breakdown of the assets and liabilities as at 31 December 2022 is set out below:

	RMB
Assets:	
Investment in subsidiaries	-
Patent	-
Other PPE	405,441
Property, plant and equipment	643,957
Right-of-use assets	19,684,004
Land use rights	727,738
Trade receivables	46,345,150
Inventories	1,779,203
Prepayments, deposits and other receivables	4,132,882
Cash and bank balances	30,545
Inter-co receivables	-
Total assets	**73,748,920**
Liabilities:	
Trade payables	2,564,333
Other payables, deposits received and accruals	20,282,274
Tax payables	1,928,368
Inter-co payables	52,614,684
Loans and borrowings	9,990,000
Deferred tax liabilities	-
Total liabilities	**87,379,659**
Net assets	**-13,630,738**
Attributable to :	
Owners of the Company	**-10,870,402**
Non-controlling interest	**-2,760,336**

Based on the valuation reports for the audited financial statements for the year ended 31 March 2021.

Due to the restriction imposed by the local government during COVID-19 pandemic in China and the lack of related natural gas supply since acquisition, HBXR and CDPR recorded losses.

SGX-ST Query 14

It was disclosed, inter alia, “The Company has commenced due diligence exercise in relation to the acquisition of SST and the same is ongoing”.

Please provide details of SST, the reason for its acquisition, who are the vendors of SST, its shareholders, directors and key management and any relationships of these persons and entities to the Company's shareholders, directors and key management, the size of SST, rev, profits generated and NAV of SST and the person undertaking the commercial due diligence and whether the AC will be reviewing the terms and value of the acquisition in relation to giving their approval for the completion.

Company's response:

1. INFORMATION ON SST

SST is a corporation incorporated in Shenzhen, People Republic of China ("**PRC**") with their registered office at Room 1007, Building 10, Shenzhen Bay Science and Technology Ecological Park, No. 10 Gaoxin South 9th Road, Gaoxin District Community, Yuehai Street, Nanshan District, Shenzhen PRC.

SST's principal activities include technology development, technical services, technical consultation and technology transfer in the field of IoT and Internet; technical development of IoT technology and wireless product technology; development and sales of computer software and hardware technology; design and sales of wireless data terminal equipment; smart equipment, Information technology, IoT technology, automation control equipment, computer software and hardware technology development, transfer of self-owned technological achievements; wholesale and retail electronic products (except for special control), computer software and hardware and shop assistant equipment, intelligence equipment, mechanical and electrical equipment; domestic trade; import and export business.

2. RATIONALE

By partnering with SST, it will broaden the relationship between the Company and SST over time which may include establishing as part of the Group's strategy to explore other revenue stream and establish long-term stable and comprehensive cooperative intelligence (agricultural intelligence) and a strategic alliance of the IoT industry, to achieve the strategic goals of resource sharing, complementary advantages, and promotion of development between the two parties. With the cooperation framework, it would allow enhancement of the principles of equality, mutual benefit, and win-win cooperation including consensus reached through friendly consultations.

3. SHAREHOLDERS, DIRECTORS AND MANAGEMENT

Shareholders	Shenzhen Taifeng Technology Co., Ltd.
Directors/Management	Lou Jin

By Order of the Board

Song Yanan
Non-Executive Chairman
30 August 2023