



聯合食品控股有限公司
UNITED FOOD HOLDINGS LIMITED



NURTURING THE GROWTH ENGINES OF TOMORROW

ANNUAL REPORT 2017

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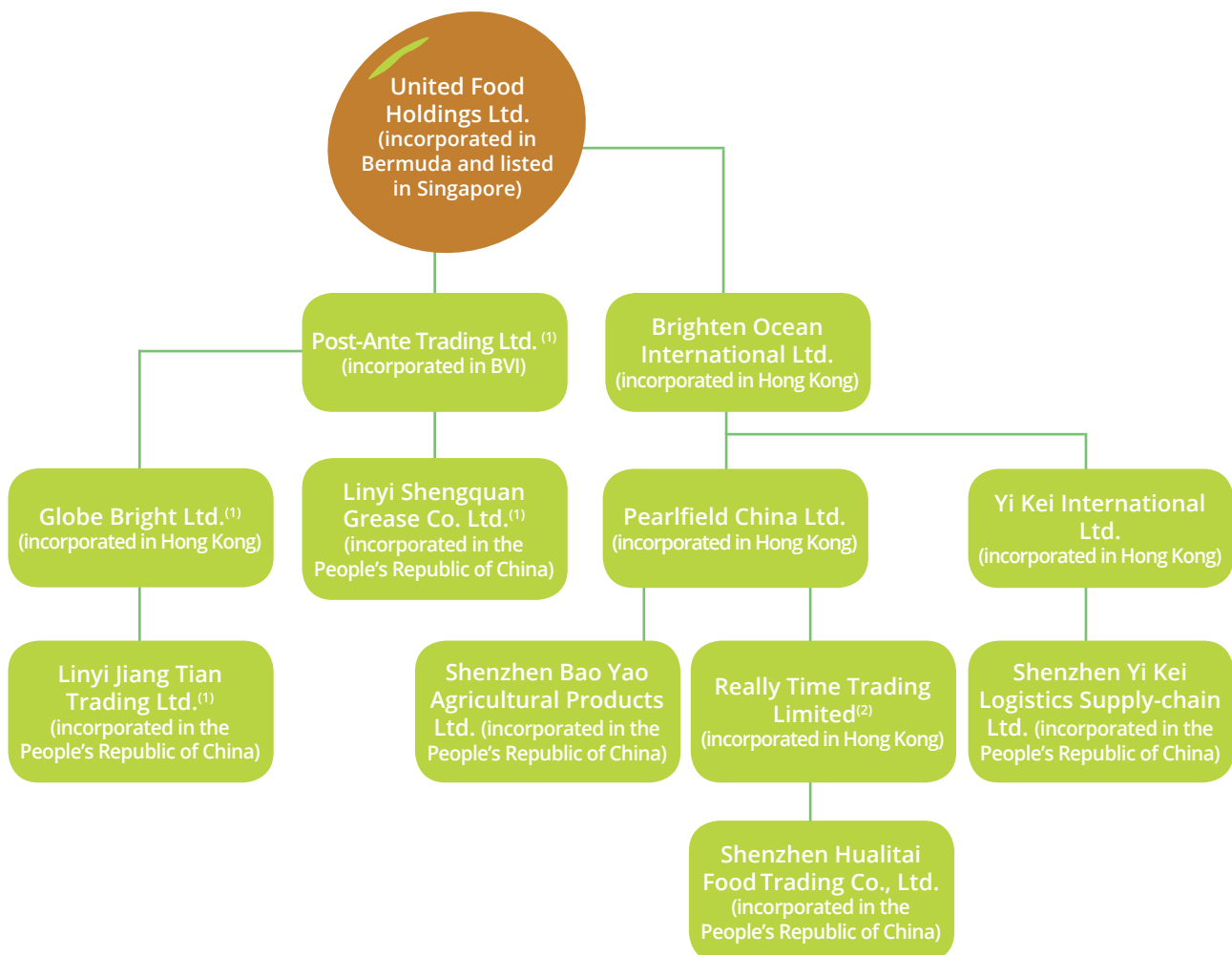
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OUR CORE BUSINESS

United Food Holdings Limited (the “Company”) was incorporated in Bermuda on 14 August 2000 and its shares were listed on the Main Board of the Singapore Exchange Securities Trading Limited on 26 March 2001.

The organisation chart of the Company and its subsidiaries (the “Group”) is shown as follows:



(1) The Group had obtained shareholders' approval to dispose of its entire interests in the issued and paid-up share capital of Post-Ante Trading Limited and its subsidiaries on 29 March 2018.

(2) The Group acquired 80% of the entire issued and paid-up share capital of Really Time Trading Limited on 22 August 2017.

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS

On behalf of the Board of Directors ("the Board") of United Food Holdings Limited (the "Company" or together with its subsidiaries, the "Group"), I am pleased to present to you, the Annual Report together with the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2017 ("FY2017").

PERFORMANCE REVIEW

Revenue from continuing operations

The Group recorded revenue of RMB34.9 million for FY2017 from its Trading segment following the acquisition of Really Time Trading Limited in August 2017.

Revenue from discontinued operations

The Group's Animal Feed Production Segment recorded RMB133.9 million in FY2017 compared to RMB265.7 million for the financial year ended 31 December 2016.

Overall, our Group incurred a net loss of RMB68.4 million in FY2017, largely due to the gross loss in the Animal Feed Division under the discontinued operations.

In FY2017, the Group achieved meaningful progress in terms of streamlining its business activities and also expansion of its existing business operations as planned. I wish to assure shareholders that the Board is mindful of the need to optimize the Group's return on shareholders' funds.

MAJOR DEVELOPMENT

The Group has successfully completed two share placements issuing a total of 47,820,516 new ordinary shares with a total net proceeds of RMB52.9 million in February 2017 and August 2017 respectively, to increase and strengthen its general working capital in order to further expand existing business operations, undertake business development activities, including pursuing acquisition and joint venture opportunities as and when they arise.

At the Special General Meeting held on 29 March 2018, the shareholders had approved the disposal of 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.

The Group has also announced the proposed acquisition in Chengde City of Hebei province 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. The Company would seek shareholders' approval for the proposed acquisition at a Special General Meeting.

The Group believes that it is well positioned to explore strategic acquisitions to augment and to extend existing business operations, and to enhance the overall financial performance of the Group.

OUTLOOK

The Group will continue to look for strategic acquisition to build breadth and depth in the business, as well as focus on organic growth of the current business operations.

IN APPRECIATION

On behalf of the Group, I would like to take this opportunity to thank Mr Wang Tingbao, our former Executive Director and Chief Executive Officer, who resigned from the Board on 8 September 2017 and Ms Li Ai, our former Chief Operating Officer, who resigned on 17 April 2018, for their invaluable guidance and contribution to the Group during their term of office. I would like to express my sincere thanks to our employees for their hard work and dedication, to our Directors for their contributions and support, to our business partners for their trust in the Group, and to our shareholders for sharing our vision.

We look forward to your continued support in future.

Song Yanan
Non-Executive Chairman

主席致辞

致各位股东

谨代表联合食品控股有限公司全体董事会成员，本人很荣幸向你们提交这份截止至2017年12月31日年度的公司年报和集团的审计报表。

业绩回顾

持续经营业务所贡献的收入

本集团於2017年录得贸易总营业收入人民币3490万元，主要是由在2017年8月所并购入本集团的华利泰贸易有限公司所产生的。

非持续经营业务所产生的收入

饲料部门2017年度的总营业收入为人民币1亿3390万元。在2016年所录得的收入为2亿6570万元。

本集团於2017年录得净亏损为人民币6840万元，主要为已被划分为非持续经营业务的动物饲料部所产生。

在2017年度，本集团在经营活动合理化及经营拓展方面取得非常有意义的进展，我向股东保证，董事局深切意识到为股东提升资本回报率为我们的根本使命。

重要进展

本集团已於2017年2月及8月分别成功进行两次配股，总发行新股为47,820,516普通股，合计净筹集资金为人民币5290万，提升了集团营运现金和未来扩充业务的能力。

於2018年3月29日举行的特别股东大会，股东们已批准出售集团旗下的子公司 Post-Ante Trading Limited、Globe Bright Limited、Linyi Shengquan Grease Co., Ltd 和 Linyi Jiang Tian Trading Limited 及其长期亏损的大豆生产、饲料生产及养殖等项目。相信该出售会对本集团的长期战略规划和产业调整及财务表现产生积极作用。

本集团已于2017年10月公告收购河北承德的饲料和兽药项目，相信此项战略性收购可增加和扩振本集团的业务表现及财务综合能力，目前该收购尚处于审批过程中。

展望

本集团会继续寻找战略并购的机会，以求拓宽公司的产业深度和业务广度，及有组织性的发展现有业务。

铭谢

藉此机会，我代表董事会向於2017年9月8日卸任的执行董事兼首席执行官王廷宝先生及2018年4月17日卸任的首席运营官李爱女士感谢他们在任期内的宝贵指导和贡献。

本人亦感谢全体员工过去为公司作出的努力工作和付出，各董事的贡献和支持，各商业伙伴的信任和各股东的意见。

我祈望未来各位继续支持我们。

宋亞南
非執行主席

FINANCIAL HIGHLIGHTS

	2017 RMB'000	2016 RMB'000	Change %
REVENUE*	34,932	-	N/A
GROSS PROFIT (LOSS)*	1,469	-	N/A
LOSS FROM OPERATIONS*	(2,678)	(4,893)	-45.3
LOSS BEFORE TAX*	(2,678)	(4,893)	-45.3
LOSS AFTER TAX*	(3,071)	(4,893)	-37.2
LOSS ATTRIBUTABLE TO SHAREHOLDERS	(68,804)	(229,263)	-70.0
SHAREHOLDERS' FUND	185,098	202,253	-8.5
TOTAL ASSETS	225,370	219,462	+2.7
TOTAL LIABILITIES	38,994	17,209	+126.6

Profitability			Change %
GROSS MARGIN*	+4.2%	-	N/A
OPERATING MARGIN*	-7.7%	-	N/A
RETURN ON REVENUE	-197.0%	-	N/A
RETURN ON AVERAGE EQUITY	-35.5%	-72.3%	-50.9
RETURN ON AVERAGE ASSETS	-30.9%	-70.1%	-55.8

Per Share Data (Notes)			Change %
A. NET ASSETS* (CENTS)	118.0	183.7	-35.8
B. LOSS* (CENTS)	-2.5	-4.4	-43.2
C. GROSS DIVIDEND (CENTS)	0.00	0.00	-

* Continuing Operations

Notes:

- The net assets per share was calculated on 157,901,384 shares (2016: 110,080,868).
- The basic loss per share was calculated based on the average 138,342,412 shares (2016: 110,080,868).
- No dividend was declared and proposed in FY2017 and FY2016.

FINANCIAL HIGHLIGHTS

FIVE YEARS FINANCIAL SUMMARY

The results, assets and capital and reserves of the Group for the last five financial years are as follows:

YEAR ENDED 31 DECEMBER

Condensed Consolidated Statements of Profit or Loss (RMB'000)

	2017	2016	2015	2014	2013
REVENUE*	168,872	265,744	2,211,658	5,129,869	5,121,972
NET (LOSS) / PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	(68,804)	(229,263)	(974,221)	25,563	(108,958)

* For comparative purpose, the revenue from continuing operations has been combined with the revenue from discontinued operations.

Condensed Consolidated Statements of Financial Position (RMB'000)

	2017	2016	2015	2014	2013
PROPERTY, PLANT AND EQUIPMENT	43,303	68,557	146,274	330,033	389,418
LAND USE RIGHTS	20,430	36,087	43,806	52,482	63,521
NET CURRENT ASSETS	134,775	114,818	241,699	1,028,213	932,226
CAPITAL AND RESERVES	185,098	202,253	431,779	1,410,728	1,385,165

* For comparative purpose, the property plant and equipment, and land use right from continuing operations has been combined with the property plant and equipment, and land use right from discontinued operations.

MANAGEMENT

DISCUSSION AND ANALYSIS

The Group recorded a revenue of RMB34.9 million in the financial year ended 31 December 2017 ("FY2017") compared to RMB0 million in the financial year ended 31 December 2016 ("FY2016").

The Group recorded a loss of RMB68.4 million in FY2017, compared to the loss of RMB229.3 million in FY2016. The loss in FY2017 mainly resulted from suspension of our key business division and the gross loss in our Animal Feed Division.

1. REVENUE

Revenue from Continuing Operations

The Group recorded revenue of RMB34.9 million in FY2017. The revenue of RMB34.9 million was contributed by the Group's trading segment of Really Time Trading Limited acquired by the Group 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 were classified as assets held for sale as at 31 December 2017 as the Group has received approval at the Special General Meeting held on 29 March 2018 to dispose of the operations.

Soybean Processing

The Group's Soybean Processing Segment did not have any revenue in FY2017 and FY2016 since its suspension on 5 July 2015.

Animal Feed Production

The Group's Feed Production Segment recorded RMB133.9 million in FY2017 compared to RMB265.7 million in FY2016, the significant decrease in revenue was mainly due to the closure of one of our production centres since October 2016 and a decrease in the sales volume.

2. GROSS PROFIT

Gross Profit from Continuing Operations

The Group recorded a gross profit margin of 4.2% for the continuing operations in FY2017 which was contributed by the trading segment, which only commenced operations during the current financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit from Discontinued Operations

The Group recorded a gross profit margin of 1.1% for the discontinued operations in FY2017 contributed by feed production segment compared to a gross loss margin of 26.7% in FY2016. The increase in gross profit was mainly due to an increase in selling prices of our animal feed products and a decrease in cost of goods sold of those products in FY2017.

3. OTHER INCOME

The Group recorded an income of RMB10,000 in FY2017 compared to nil in FY2016 mainly due to bank interest income.

4. SELLING AND DISTRIBUTION COSTS

In line with the decrease in sales revenue, the Group incurred a lower selling and distribution expenses in FY2017 compared to FY2016.

5. ADMINISTRATIVE EXPENSES

Administrative expenses decreased by 15.0% to RMB4.16 million in FY2017 compared to RMB4.89 million in FY2016 mainly due to the reallocation of amortisation and depreciation of the property, plant and equipment from cost of sales into the administrative expenses after the suspension of the Soybean Processing Division. In addition, after the suspension of the Soybean Processing Division, in order for the Company to mitigate from the social responsibility risk, the Company incurred a cost of labour for the workers of the suspended division.

6. PROVISION FOR LITIGATION CLAIM

Provision included that for litigation claim amounting to RMB11.6 million, and it was made because the Group had closed one of our pig rearing centres in FY2014, and had faced a litigation dispute with regard to an equipment procurement contract. The court judgement in respect of this claim had been reached in FY2016 was in favour of the plaintiff. Even though the Group had deliberated on its available legal action(s), it had made a provision for litigation claim of RMB11.6 million to be prudent. This provision relates to a discontinued operation.

7. LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS

Loss for the year from discontinued operations represents those expenses incurred and depreciation charges in our Soybean Processing Division.

8. INVENTORIES

The decrease in inventories was due mainly to a decrease in inventory volume of our raw materials and finished goods.

MANAGEMENT

DISCUSSION AND ANALYSIS

9. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

Trade receivables increased from nil in FY2016 to RMB11.7 million in FY2017 mainly the trade receivables of Really Time Trading Limited.

Other receivables included deposits of RMB60 million paid to the vendors for the two potential acquisition projects in FY2016, which will become part of the consideration after the completion of the acquisition and/or refundable after the cancellation of the acquisitions. The potential acquisition projects have business operations which are similar in scope to the Group

10. AMOUNT DUE TO A SHAREHOLDER

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

11. OTHER PAYABLES, DEPOSIT RECEIVED AND ACCRUALS

Trade payables of RMB3.6 million were mainly the trade payables of Really Time Trading Limited. The increase in other payables, deposit received and accruals was due mainly to an increase in deposit received in the fourth quarter of FY2017.

12. CASH FLOW STATEMENT

Net cash flow of RMB43.1 million was generated in FY2017 mainly due to issuance of new shares.

13. SHAREHOLDERS' EQUITY

The Group's shareholders' equity decreased from RMB202.3 million as at 31 December 2016 to RMB186.4 million as at 31 December 2017, due mainly to the loss recorded for the year.

14. CONTINGENT LIABILITY

The Group had no contingent liabilities as at 31 December 2016 and 31 December 2017.

15. EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The businesses of the Group were mainly conducted in Renminbi ("RMB") except for the purchases of soybean and the payment of certain expenses in United States dollars, Singapore dollars and Hong Kong dollars. The reporting currency of the Group is RMB. The Directors are of the view that RMB is relatively stable against the relevant currencies and the Group will closely monitor the fluctuations in exchange rates, and that hedging by means of derivative instruments is therefore not necessary.

BOARD OF DIRECTORS

SONG YANAN

NON-EXECUTIVE CHAIRMAN

Ms Song Yanan ("Ms Song") was appointed as a Non-executive Director on 11 July 2016 and as Non-executive Chairman of the Board on 15 August 2016, respectively and re-elected on 28 April 2017. Ms Song has over 18 years of industry experience, including investment and management in supermarket chain and high-end consumer products. Ms. Song has been working at Renrenle Commercial Group Limited, as the manager for acquisition and Chief Executive Office Secretariat from 1999 to 2003 and as a personal assistant to the Chairman of the Board since 2003. Ms Song holds a Degree of Executive Master of Science in Logistics and Supply Chain Management awarded jointly from Tsinghua University and The Chinese University of Hong Kong.

WU XIAORAN

EXECUTIVE DIRECTOR

Mr Wu Xiaoran ("Mr Wu") was appointed as Executive Director on 11 July 2016 and re-elected on 28 April 2017. He is responsible for financial management of the Group. Mr Wu was an auditor in Mazars Beijing. He then joined a private equity, investment advisory firm in Canada and Hong Kong for 7 years. Mr Wu has over 20 years of financial, shipping and auditing experiences in China, North America and Europe. Mr Wu holds a Post-graduate Certificate in law from the South China Agriculture University and a Master of Business Administration from Universite de Paris 1 Pantheon Sorbonne, France.

LING CHUNG YEE ROY

LEAD INDEPENDENT DIRECTOR

Prof Ling Chung Yee Roy ("Prof Ling") was appointed as the Lead Independent Director of the Company on 20 November 2015 and re-elected on 12 May 2016. He was an investment banker with more than 20 years of experience. Prof Ling is currently a Managing Director at RL Capital Management and RL Academy. Concurrently, he also serves as an Independent Board Director at several listed companies across Asia; Vingroup JSC, Arion Entertainment Singapore Ltd, Ley Choon Group Holdings Limited, Chaswood Resources Holdings Ltd and Pine Capital Group Ltd. He is an Adjunct Professor in Finance at the EDHEC Business School, and a Consultant for RHT Strategic Advisory and RHT Academy. Prior to joining RL Capital, Prof Ling held senior investment banking positions with JPMorgan, Lehman Brothers, Goldman Sachs and Salomon Smith Barney.

Prof Ling was a former Board Director of the CFA Society of Japan. He was honored as the Real Estate Executive of the Year by Singapore Business Review in 2016, and as one of the 20 Rising Stars in Real Estate by Institutional Investor in 2008. Prof Ling graduated from INSEAD with a Global EMBA and from the National University of Singapore with a Bachelor Degree in Business Administration.

BOARD OF DIRECTORS

CHNG HEE KOK

INDEPENDENT DIRECTOR

Mr Chng Hee Kok was appointed as an Independent Director of the Company on 23 October 2015 and re-elected on 28 April 2017. Mr Chng is Chairman of SGX Mainboard listed Ellipsiz Ltd. He holds independent directorships at listed companies which include Samudera Shipping Line Ltd, Full Apex Holdings Ltd and Luxking Group Holdings Ltd. Previously, Mr Chng was the Chief Executive Officer of Yeo Hiap Seng Ltd, Scotts Holdings Ltd, Hartawan Holdings Ltd and HG Metals Manufacturing Ltd. He was a Member of Parliament of Singapore from 1984 to 2001 and held past directorships at Public Utilities Board, Sentosa Development Corporation, Singapore Institute of Directors and Singapore listed companies, LH Group Ltd, Pacific Century Regional Development Ltd, ChinaSing Investment Holding Ltd, China Flexible Packaging Holding Ltd and Infinio Group Limited.

Mr Chng graduated from University of Singapore with a Bachelor of Engineering (Mechanical), First Class Honours degree and was awarded Institute of Engineers Singapore Gold Medal and Mobil Silver Medal. He also holds a Master of Business Administration degree from the National University of Singapore, and completed the Program for Executive Development at IMD – Lausanne Switzerland.

JOHN NG

INDEPENDENT DIRECTOR

Mr John Ng (“Mr Ng”) was appointed as an Independent Director of the Company 28 April 2017. He is currently the Vice President of Amasse Capital Limited a company listed in Hong Kong. He had previously held executive positions on a number of listed companies in Canada. Mr Ng has extensive international corporate governance and corporate strategic development experience. Mr Ng graduated from Trent University in Canada with an Honours of Economics degree and also holds the Executive Masters of Business Administration degree from Shanghai Jiao Tong University. He is also a Corporate Advisory (Type 6) license holder in Hong Kong and has over 15 years of experience between Asia and North America.

KEY MANAGEMENT

LI AI

CHIEF OPERATING OFFICER

Prior to joining the Group, Ms Li served as an account executive at the Linyi Woven & Textile Company. Ms Li was appointed the Group's chief accountant based in China since 1993. Ms Li was promoted to be the Assistant Chief Operating Officer in 2008, and further promoted to be the Group's Chief Operating Officer in 2009. Apart from her tertiary education, Ms Li is also a qualified accountant in China.

Li Ai has resigned from the Company on 17 April 2018.

LIU YANG

CHIEF MARKETING OFFICER

Mr Liu Yang was appointed the Group's Chief Marketing Officer on 29 September 2017. Prior to joining the Group, he served as Head of Global Procurement for 7 years in Guangzhou Pharmaceutical Holdings Limited which ranked No.1 among the top 100 pharmaceutical companies in China and where he was responsible for global business development and procurement in distribution unit. He also had 10 years' solid management experience in Fortune 500 multinational corporation and listed companies in China and Hong Kong. Mr Liu holds an Executive Master Degree from The Chinese University of Hong Kong and a Diploma from the Chartered Institute of Purchasing and Supply in United Kingdom. He was also awarded Certified Professional in Supply Management by the Institute for Supply Management in United States.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Song Yanan, Non-Executive Chairman
Wu Xiaoran, Executive Director
Ling Chung Yee Roy, Lead Independent Director
Chng Hee Kok, Independent Director
John Ng, Independent Director

MANAGEMENT TEAM

Wu Xiaoran, Finance Director
Liu Yang, Chief Marketing Officer

NOMINATING COMMITTEE

Ling Chung Yee Roy, Chairman
Chng Hee Kok
John Ng

REMUNERATION COMMITTEE

John Ng, Chairman
Ling Chung Yee Roy
Chng Hee Kok

AUDIT COMMITTEE

Chng Hee Kok, Chairman
Ling Chung Yee Roy
John Ng

COMPANY SECRETARIES

Yoo Loo Ping
Chiang Wai Ming

ASSISTANT COMPANY SECRETARY

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Audit Partner-in-charge: Toh Kim Teck
(with effect from financial year 31 December 2016)

INVESTOR RELATIONS

United Food Holdings Limited
Laurent Wu, Executive Director
Email: finance@unitedfoodholdings.com

CORPORATE GOVERNANCE

The Board of Directors (the “Board”) and management of United Food Holdings Limited strive to maintain high standards of corporate governance to ensure greater transparency and to protect the interests of its shareholders. The Board’s commitment to good corporate governance practices is essential for Directors to discharge their corporate and fiduciary responsibilities and fundamental in the enhancement of long-term shareholders’ value.

The Board has taken steps to align the Group’s governance framework with the recommendations of the Code of Corporate Governance 2012 (“the Code”), where they are applicable, relevant and practicable to the Group.

(A) Board Matters

Board’s Conduct of its Affairs

Principle 1: *Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with management to achieve this and management remains accountable to the Board.*

The Board is responsible for the overall performance of the Group. It sets the Group’s strategic direction and vision and directs the Group’s overall strategy, policies, business plans, as well as, stewardship and allocation of the Group’s resources.

The principal functions of the Board include, but are not limited to the following:

- Reviewing and approving board policies, strategies and financial objectives for the Group and monitoring the performance of management;
- Overseeing the processes for evaluating the adequacy of internal controls, risk management, including financial, operational and compliance risk areas identified by the Audit Committee that needed to be strengthened for assessment and the Audit Committee’s recommendations on actions to be taken to address and monitor the areas of concern;
- Approving major funding proposals, investment and divestment proposals including merger and acquisition transactions and timely announcements of material transactions;
- Approving quarterly and full year results announcements;
- Recommending the declaration of dividends;
- Approving all appointments/re-appointments/re-elections of Directors and appointment of key management personnel;
- Setting of the Group’s value and standards, and ensuring that obligation to shareholders and others are understood and met; and
- Assuming responsibility for corporate governance.

The Board’s approval is required for matters, *inter alia*, corporate restructuring, mergers and acquisitions, investments and divestments, acquisitions and disposals of assets, major corporate policies on key areas of operations, acceptance of bank facilities, the Group’s quarterly and full year’s results and interested person transactions.

The Board is supported by Board Committees including, the Audit Committee (“AC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”). These committees function within clearly defined terms of reference and operating procedures. All committees are chaired by an Independent Director. The ultimate responsibility for the final decision on all matters, however, lies with the Board. Further details of the scope and functions of the various Board Committees are set out in this Annual Report.

CORPORATE GOVERNANCE

The Board has scheduled 4 meetings a year to coincide with the announcements of the Group's quarterly and full year results. Additional meetings are convened as and when they are deemed necessary to address significant transactions or issues that may arise in between the scheduled meetings.

Where a physical Board meeting is not possible, the Company's Bye-laws provide for meetings to be held via telephone, electronic or other communication facilities which permits all persons participating in meetings to communicate with each other simultaneously.

Directors may request for further explanation, briefing or discussion on any aspect of the Group's operations or business from the management. When circumstances require, Board members exchange views outside the formal environment of Board meetings.

Directors' attendances at Board and Board Committee meetings in FY2017, as well as the frequency of such meetings, are set out below:

	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting	Nominating Committee Meeting
Total meetings held during FY2017	4	4	1	1
Ms Song Yanan	4	4 ⁽¹⁾	1 ⁽¹⁾	1 ⁽¹⁾
Mr Wu Xiaoran	4	4 ⁽¹⁾	1 ⁽¹⁾	1 ⁽¹⁾
Mr Chng Hee Kok	4	4	1	1
Prof Ling Chung Yee Roy	4	4	1	1
Mr John Ng*	3	3	–	–
Mr Wang Tingbao^	3	3 ⁽¹⁾	–	–
Dr Lin Jianwu^^	1	1	–	–

* Appointed on 28 April 2017

^ Resigned on 8 September 2017

^^ Retired on 28 April 2017

Note:

(1) Attendance at meetings on a "By Invitation" basis.

The Group encourages Directors to receive regular training and updates on relevant laws and regulations and to participate in conferences, seminars or any training programme to equip themselves with the relevant knowledge to discharge their responsibilities in an effective and efficient manner.

Newly appointed Directors receive orientation and training, if necessary, to familiarize themselves with the Group's business activities, strategic direction and the regulatory environment in which the Group operates in, as well as their statutory and other duties and responsibilities as Directors. Directors would also be provided with extensive background information on the Group's history, industry-specific knowledge, mission, and values. Directors are also given the opportunity to visit the Group's operational facilities and to interact with management to gain a better insight of the Group's business operations.

Newly appointed Directors will also be given letters explaining the terms of their appointment as well as their duties and obligations.

The Board is updated on amendments/requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), and other statutory and regulatory requirements and key changes in financial reporting standards from time to time.

Board Composition and Balance

Principle 2: *There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management and 10% shareholder. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

The Board comprises 5 members, three of whom are independent.

Non-Executive Director:

Ms Song Yanan (Chairman)

Executive Director:

Mr Wu Xiaoran

Independent Directors:

Prof Ling Chung Yee Roy

Mr Chng Hee Kok

Mr John Ng

The Board comprises Directors from diverse business, industry, management, financial and legal aspects. The Directors bring with them a wide spectrum of skills, experience, expertise and objective perspective to effectively lead and direct the Group. The diversity of the Directors' experience allows meaningful exchange of ideas and views in the development of the Group's strategy and performance. The profiles of the Directors are set out on pages 9 and 10 of this Annual Report.

At least half of the Board comprises Independent Directors. The Independent Directors offer alternative views to the Group's business and corporate activities and bring objective judgment to bear on business activities as well as, transactions involving conflicts of interest and other complexities.

The Directors have given due consideration to the size and composition of the Board. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective and informed decision-making. The Board considers the present Board size appropriate and effective, taking into account the size, scope and nature of the Group's operations.

The NC also reviews the independence of each Director annually with reference to the guidelines set out in the Code, and the NC has also considered the annual review of Director's independence, review of the Board and Board Committee meeting minutes for incidents or records of how Independent Directors actively sought explanation, self-assessment checklist and peer-review questionnaires. The Board will then, in turn, determine the independence of Directors, taking into account the evaluation by the NC. The NC with the concurrence of the Board is of the view that no individual or small group of individuals dominates the Board's decision-making process.

Non-Executive and Independent Directors contribute to the Board process by monitoring and reviewing management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging management's proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities. The Non-Executive and Independent Directors also communicate regularly to discuss matters such as the Group's financial performance, corporate governance initiatives and hold informal meetings without the presence of management.

CORPORATE GOVERNANCE

Chairman and Chief Executive Officer

Principle 3: *There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.*

Ms Song Yanan is the Group's Non-Executive Chairman. Mr Wu Xiaoran is the Executive Director. They are not related to each other and each performs separate functions to ensure an appropriate balance of power and authority and greater capacity of the Board for independent decision.

The Chairman is responsible for the implementation of corporate policies and effective working of the Board. She ensures that Board meetings are held when necessary, encouraging constructive discussion and sharing of views among Board members.

The Executive Director is mainly responsible for the financial and operational performance of the Group, including reviewing and charting the Group's corporate directions and strategies, financial planning and related investment activities. He ensures that corporate policies are properly complied with and works closely with the Chairman to review corporate and other business issues. He also ensures the quality and timeliness of the flow of information between management and the Board.

This division of responsibilities ensures that there are checks and balances on their individual power and authority within the Group.

Prof Ling Chung Yee Roy was appointed as the Lead Independent Director on 20 November 2015 to represent the views of Independent Directors and to facilitate a two-way flow of information between shareholders, the Chairman and the Board. He will be available to shareholders in the event their concerns are not resolved through the Chairman or the Executive Director, or for which contact is inappropriate.

Board Membership

Principle 4: *There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.*

The NC is regulated by a set of written terms of reference and consisted of 3 members, all of whom are Independent Directors. Members of the NC are:

Prof Ling Chung Yee Roy (Chairman, Lead Independent Director)
Mr Chng Hee Kok
Mr John Ng

The NC Chairman is not associated in any manner with any substantial shareholder of the Company.

The principal functions of the NC are as follows:

- reviewing and recommending to the Board the structure, size and composition of the Board and Board Committees;
- identifying candidates and reviewing all nominations for the appointment to the Board and Board committees, having regard to the mix of skills and experience which the Directors should bring to the Board and submission of such nominations to the Board for consideration;
- reviewing and determining annually, the independence of Directors, bearing in mind the circumstances set forth in the Code and any other salient factors;
- considering and making recommendations to the Board on all Board appointments/re-appointments, including nomination of Directors retiring by rotation, having regard to the Directors' contribution and performance;

- reviewing and evaluating whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations;
- deciding how the Board's performance may be evaluated and proposing objective performance criteria for the Board's approval; assessing the effectiveness of the Board and Board Committees;
- reviewing succession plans, in particular, the Chairman and CEO; and
- overseeing the induction, orientation and training for any new and existing Directors.

The NC had adopted a process for the selection and appointment of new Directors which provides the procedure for identification of potential candidates' skills, knowledge, experience and assessment of candidates' suitability.

The curriculum vitae and other particulars/documents of the nominee or candidate will be reviewed by the NC, inter alia, his/her qualifications, business and related experience, commitment, ability to contribute to the Board, such other qualities and attributes that may be required by the Board, before making its recommendation to the Board.

The NC meets at least once a year.

In accordance with the provisions of the Company's Bye-Laws, one-third of the Directors is to retire from the office by rotation and submit themselves for re-nomination and re-election at every AGM. Each Director is also requested to retire at least once in every three years. New Directors, who are appointed during the financial year, will submit themselves for re-election at the next Annual General Meeting ("AGM").

Pursuant to Bye-law 86(1) of the Company's Bye-laws, Prof Ling Chung Yee Roy will be retiring at the forthcoming AGM. Prof Ling Chung Yee Roy has signified his consent to remain in office.

Mr John Ng will be retiring at the forthcoming AGM pursuant to Bye-law 85(2) of the Company's Bye-laws. Mr John Ng has signified his consent to remain in office.

The NC having considered the attendance and participation of Prof Ling Chung Yee Roy at the Board and Board Committee meetings, in particular, his contribution to the business and operations of the Group had nominated Prof Ling Chung Yee for re-election at the forthcoming AGM. The Board has accepted the NC's recommendation on the re-election of Mr John Ng who was appointed on 28 April 2017 and subjected to re-election at the forthcoming AGM pursuant to Bye-law 85(2).

Each member of the NC shall abstain from voting on any resolutions and/or participating in deliberations in respect of his re-election as Director.

The task of assessing the independence of the Directors is delegated to the NC. The NC reviews the independence of each Director annually, and as and when circumstances require.

Annually, each Independent Director is required to complete a Director's Independence Checklist (the "Checklist") to confirm his independence. The Checklist is drawn up based on the guidelines provided in the Code. Thereafter, the NC reviews the Checklist completed by each Independent Director, assess the independence of the Independent Directors and recommends its assessment to the Board.

The Board, after taking into account the views of the NC, determined that Prof Ling Chung Yee Roy, Mr Chng Hee Kok and Mr John Ng are independent.

There is no Independent Director who has served the Board for more than nine years from the date of his appointment.

CORPORATE GOVERNANCE

A Director with multiple board representations is expected to ensure that sufficient time and attention is given to the affairs of the Group. The Board, with the concurrence of the NC, having considered the confirmations received from Prof Ling Chung Yee Roy, Mr Chng Hee Kok and Mr John Ng, is of the view that their multiple board representations do not hinder them from carrying out their duties as Directors of the Company. The Board and the NC also noted the full attendance at the Board and relevant Board Committee meetings for FY2017. The Board and the NC are also satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Company. The NC is of the view that it is not necessary to impose a maximum limit on the number of listed company board representations, given that time requirements for each company vary, thus one should not be presumptuous as time commitment cannot be objectively determined in all situations.

There is no alternate Director on the Board.

Board Performance

Principle 5: *There should be a formal assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board.*

The Board has, through the NC, adopted a process to evaluate the effectiveness of the Board and its Board Committees. No individual Director assessment is conducted as the NC is mindful that each member of the Board contributes in different ways to the effectiveness of the Board. As part of this process, Directors would complete Board and Board Committees performance evaluation questionnaires and the findings would be analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board and Board Committees. The Board and Board Committees evaluation covers amongst others, the size and composition of the Board and Board Committees, access to information, Board and Board Committees processes and accountability in relation to discharging the principle responsibilities of the respective Board and Board Committees and standards of conducts of Board members.

Based on the NC's review, the NC is generally satisfied with the Board and Board Committees evaluation results for FY2017, which indicated areas for improvement with no significant problems being identified.

Access to Information

Principle 6: *In order to fulfill their responsibilities, Directors should be provided with complete, adequate and timely information prior to Board meetings and on an on going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

The Board is furnished with detailed information concerning the Group to enable them to be fully apprised of conditions and other factors affecting the Group's operations and to understand the decisions and actions of management. All Directors have unrestricted access to the Group's management and information. From time to time, Independent Directors meet with management and conduct ad-hoc discussions on the Group's business and operational matters. Management staff are invited to attend Board Meetings, as and when appropriate, to provide additional insight to matters raised, and to respond to any queries that the Board members may have.

Management provides Board members with detailed Board papers containing complete and timely information before each meeting. Such Board papers and any other relevant documents are circulated to all Board members before the meetings. Management provides periodic financial and corporate information, performance of the individual divisions within each business segment and management proposals to enable the Directors to make informed decisions on issues to be considered at Board meetings.

The Company Secretary attends the Board and Board Committee meetings and is responsible for keeping the Board updated on any relevant regulatory changes. The Company Secretary also ensures that established procedures, all relevant rules, and regulations that are applicable to the Group are complied with.

The appointment and the removal of the Company Secretary shall be reviewed by the Board.

The Board has separate and independent access to management and the Company Secretary at all times. Directors are aware that they may seek independent legal and other professional advice at the Company's expense, as and when necessary.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: *There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.*

The RC consists of 3 members, all of whom are independent. Members of the RC are:

Mr John Ng (Chairman)
Prof Ling Chung Yee Roy
Mr Chng Hee Kok

The RC meets at least once annually.

The principal functions of the RC are as follows:

- recommend to the Board a framework of remuneration for the Board and key management personnel of the Group with the aim of building a capable and committed Board and management team through competitive compensation which is sufficient to attract, retain and motivate key management personnel of the required caliber to run the Group effectively;
- determine specific remuneration packages and terms of employment for the Executive Director and key management personnel, including renewal of service agreements;
- review and recommend Directors' fees for Non-Executive Directors, taking into account factors such as their effort and time spent, and their responsibilities; and
- review whether the Executive Director and key management personnel should be eligible for benefits under any long-term incentive schemes which may be set up from time to time. If required, the RC will seek expert advice inside or outside the Company on the remuneration of all Directors.

The review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, and benefits-in-kind. The remuneration packages take into consideration the long-term interests of the Group, industry standards, and ensure that the interests of the Executive Directors are aligned with that of shareholders.

The RC has access to external expert advice in the field of executive compensation where required.

Level and Mix of Remuneration

Principle 8: *The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company; and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

As part of its responsibilities, the RC reviews the remuneration of each of the Directors and key management personnel's remuneration packages annually and makes recommendations to the Board for approval. The RC ensures that their remuneration commensurate with their relevant experience and performance, giving due regard to the financial and commercial performance and business needs of the Group and the performance of the individual Director.

CORPORATE GOVERNANCE

The RC is of the view that the current remuneration of the Non-Executive Directors is appropriate, taking into account factors such as effort and time spent and responsibilities of the Directors. Other than the Directors' fees, the Non-Executive Directors do not receive any other forms of remuneration from the Company.

The RC had recommended to the Board an additional amount of S\$20,000 as Directors' fees for the financial year ended 31 December 2017 and an amount of S\$190,000 as Directors' fees for the financial year ending 31 December 2018 respectively. The Board will table this at the forthcoming AGM for shareholders' approval. No Director or a member of the RC is involved in deciding his own remuneration.

DISCLOSURE ON REMUNERATION

Principle 9: *Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.*

The following table sets out the Directors' Remuneration for FY2017:

Name of Directors	Fees	Salary	Total
Mr Wu Xiaoran	–	HKD329,000	HKD329,000
Mr Wang Tingbao ⁽¹⁾	–	RMB99,202	RMB99,202
Ms Song Yanan	SGD10,000	–	SGD10,000
Prof Ling Chung Yee Roy	SGD60,000	–	SGD60,000
Mr Chng Hee Kok	SGD60,000	–	SGD60,000
Mr John Ng ⁽²⁾	SGD13,500	–	SGD13,500
Dr Lin Jianwu ⁽³⁾	SGD6,500	–	SGD6,500

⁽¹⁾ Resigned on 8 September 2017.

⁽²⁾ Appointed on 28 April 2017.

⁽³⁾ Retired on 28 April 2017.

The Executive Director's Service Agreement was for an initial period of 3 years and is renewable for successive periods of one year each. The Service Agreement can be terminated by not less than 3 months' notice by either party or such shorter period as may be mutually agreed between the parties.

Given the highly competitive industry conditions and in the interest of maintaining good morale and a strong spirit of teamwork within the Group, the disclosure relating to the remuneration of the Group's key management personnel for FY2017 is set out below:

Name of Key Management Personnel	Salary %
Below SGD250,000 per annum	
Mr Liu Yang [#]	100
Ms Li Ai [*]	100
Mr Leung Wai Ping Noel ^{**}	100

[#] Appointed on 29 September 2017.

^{*} Resigned on 17 April 2018.

^{**} Resigned on 30 June 2017.

Notwithstanding Guideline 9.3 of the Code, there were only 3 key management personnel in FY2017 given the Group's scale of operations, and disclosure was only made in respect of these 3 key management of the Group. Total remuneration paid to these 3 key management personnel amounted to SGD136,056.

The Company does not have any long-term incentive schemes.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: *The Board should present a balanced and understandable assessment of the company's performance, position and prospects.*

In presenting the annual audited financial statements, quarterly and full-year results announcements to shareholders, the Board aims to provide shareholders with detailed analysis, explanation and assessment of the Group's financial position and prospects. Management also recognizes the importance of providing the Board with relevant information on a timely basis in order that Directors may effectively discharge their duties. As and when circumstances arise, the Board can request management to provide any necessary explanation and/or information on the management accounts of the Group.

Management provides appropriately detailed management accounts of the Group's performance on a quarterly basis to the Board to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

In line with the listing requirements of the SGX-ST, negative assurance statements were issued by the Board to accompany the Group's quarterly financial results announcements confirming to the best of the Board's knowledge that nothing had come to the Board's attention which could render the Company's results announcements to be false and misleading. The Company is not required to issue negative assurance statement for its full year results announcement.

Risk Management and Internal Controls

Principle 11: *The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.*

The Board is of the view that the Group's risk management process and system of internal controls are designed to manage, rather than to eliminate, the risk of failure to achieve the Group's strategic objectives. Action plans to manage the risks are continually being monitored and refined. The Board acknowledges that it is responsible for the overall internal controls framework to safeguard shareholders' interests and the Group's business and assets, but recognizes that no cost effective internal controls system will preclude all errors and irregularities. Such system however could only provide reasonable but not absolute assurance against material misstatement or loss.

The internal controls system stipulates a series of procedures and policies, which the Board believes, plays an important role in assisting the Board and management with respect to risk management.

Management regularly reviews the Group's Company's business and operational activities to identify areas of significant financial, operational and compliance risks. Steps have been taken to document the operational procedures to minimize the identified risks in various areas. Any significant matters are reported to the AC and Board.

As required under the Code, the Board had received written assurance from the Non-Executive Chairman and Executive Director of the Company:

- (a) that the financial records have been properly maintained and that the financial statements give a true and fair view of the Group's operations and finances; and
- (b) regarding the effectiveness and adequacy of the Company's risk management and internal control systems.

CORPORATE GOVERNANCE

Based on the Group's framework of management control, the internal control policies and procedures established and maintained by the Group, the regular audits, monitoring and reviews performed by the internal and external auditors and review of the Risk Management Assessment Framework, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business scope and environment as at 31 December 2017.

Audit Committee

Principle 12: *The Board should establish an AC with written terms of reference which clearly set out its authority and duties.*

The AC comprises all Independent Directors. The members of the AC are as follows:

Mr Chng Hee Kok (Chairman)
Prof Ling Chung Yee Roy
Mr John Ng

The Board is of the opinion that the AC Chairman and members of the AC are appropriately qualified, with the necessary accounting, financial, business management and corporate experience to discharge their responsibilities.

The AC meets at least four times a year and as and when deemed appropriate to carry out its functions.

The AC works under clear defined terms of reference adopted by the Board. The principal functions of the AC are to:

- review with management the Group's general policies, procedures and controls in relation to management accounting, financial reporting, risk management and ethics;
- review the adequacy and effectiveness of the Group's internal controls including financial, operational, compliance and information technology controls;
- review significant financial reporting issues and judgments to ensure the integrity of the financial statements;
- review any formal announcement relating to the Group's financial performance;
- review the independence and objectivity of the external auditors, their audit plans and the related audit findings;
- review the external auditors' management letter and management's responses;
- review the assistance provided by management to the external auditors;
- review the nature and extent of non-audit services performed by the external auditors;
- review the adequacy of the scope, functions and resources of the internal audit department and that it has the necessary authority to carry out its duties;
- review the effectiveness of the Group's internal audit function;
- recommend the re-appointment of the external auditors; approve the compensation of the external auditors, and review of the scope and results of the audit and its cost-effectiveness;
- review the internal audit plan and the Group's internal accounting controls system as well as the internal audit reports and where necessary ensure that appropriate actions have been taken to implement the recommendations made;

- review legal and regulatory matters that may have a material impact on the financial statements;
- review the Group's transactions with related parties and interested persons and situations where a conflict of interest may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- review arrangements by which staff of the Group may in confidence, raise concerns about possible improprieties in financial reporting or, other matters.

The AC has explicit authority to investigate any matters within its terms of reference, full access to and cooperation by management and full discretion to invite any Director or Executive Officer to attend its meetings and reasonable resources to enable it to discharge its functions properly. The AC also generally undertakes such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST, as amended.

For FY2017, the AC had:

- (i) held four meetings to review the quarterly and full year results;
- (ii) reviewed the annual audit plans, including the nature and scope of the internal and external audits before commencement of these audits;
- (iii) reviewed and approved the consolidated audited financial statements;
- (iv) reviewed the interested person transactions;
- (v) reviewed and discussed the reports of the internal auditors and external auditors and consider the effectiveness of responses/actions taken by management on the audit recommendations and observations;
- (vi) reviewed the adequacy and effectiveness of the Group's internal audit function;
- (vii) met with the internal and external auditors without the presence of management and had established that both the internal and external auditors have had the full co-operation of management in carrying out the audit for FY2017. Both the internal and external auditors had also confirmed that no restrictions were placed on the scope of their audits; and
- (viii) undertaken a review of all audit and non-audit services provided by the external auditors to ensure that the nature and provision of such services would not affect the independence and objectivity of the external auditors. It was noted that audit fees amounted to SGD138,000 for the audit of the Company and its subsidiaries in FY2017. No non-audit services were rendered by the auditors in FY2017.

The AC is of the view that the external auditors are independent. The external auditors have affirmed their independence in this respect.

The external auditors of the Company and its significant subsidiaries are Foo Kon Tan LLP. The Company has complied with Rules 712 and 715 of the Listing Manual. The AC was satisfied that the resources and experience of Foo Kon Tan LLP, the audit engagement partner and the team assigned to the audit of the Group were adequate to meet their audit obligations, given the size, nature, operations and complexity of the Group. Therefore, the AC recommended to the Board that Foo Kon Tan LLP be re-appointed as the external auditors. The Board accepted the recommendation and has proposed a resolution to shareholders for the re-appointment of Foo Kon Tan LLP. The Group's subsidiaries are disclosed under Note 8 of the Notes to the Financial Statements on page 61 of this Annual Report.

The AC has full access to resources to enable it to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements and to discharge its functions fully. During FY2017, the external auditors have provided updates on accounting standards and issues at the AC meetings.

CORPORATE GOVERNANCE

The Company has in place a “Whistle-Blowing” Programme, whereby employees of the Group and any other party may, in confidence, raise concerns about possible corporate and financial improprieties and other reporting matters to the Independent Directors. A whistle-blowing feedback channel is posted on the Company’s website. There were no whistle blowing incidents reported in FY2017.

Internal Controls/Internal Audit

Principal 13: *The Group should establish an internal audit function that is adequately resourced and independent of the activities it audits.*

The Group has an in-house internal audit function based at the Group’s headquarters in Linyi, China. The in-house internal audit department is responsible for the review of the effectiveness of the Group’s internal controls system and procedures and reports directly to the AC Chairman on internal audit matters.

The AC had reviewed the internal audit findings prepared by the Group’s in-house internal audit department. During the year, the Group’s in-house internal audit department adopted a risk-based auditing approach that focused on material internal controls, including financial, operational, information technology and compliance controls as well as risk management procedures. Any material non-compliance and weakness in internal controls and recommendation for improvements are reported to the AC. The FY2017 Internal Audit Report was submitted to the AC with relevant audit findings and recommendations. The AC also had reviewed the effectiveness of actions taken by management on the recommendations made by the internal audit team.

The AC is satisfied that the Group’s internal audit function is adequately resourced. The internal audit team has an on-going training programme to equip the staff with relevant knowledge and experience.

On 29 March 2018, the Group has obtained shareholders’ approval to dispose its entire interests in the issued and paid-up share capital of Post-Ante Trading Limited which business activities were of soybean processing and animal feed production in People’s Republic of China (“PRC”). The Group would review and assess the effectiveness of the internal control processes in the next financial year where appropriate.

(D) Communication with Shareholders

Communication with Shareholders/Greater Shareholder Participation

Principle14: *Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders’ rights, and continually review and update such governance arrangements.*

Principle15: *Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.*

Principle 16: *Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company*

The Group recognizes the importance of maintaining a constructive and effective communication channel with all shareholders, stakeholders, investors and the public in general.

The Group does not practise selective disclosure. In line with continuous disclosure obligations of the SGX-ST’s Listing Manual and the Bermuda Companies Act, the Board’s policy is that all shareholders should be informed of all major developments that impact the Group. The Board embraces openness and transparency in the conduct of the Group’s affairs. Information is communicated to shareholders on a timely basis through:-

- Annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report contains all relevant information about the Group, including future developments and other disclosures required by the Bermuda Companies Act and International Financial Reporting Standards (“IFRS”);

CORPORATE GOVERNANCE

- Quarterly and full-year results announcements containing a summary of the financial information and affairs of the Group for the period are disseminated through SGXNET and news releases;
- Notices of and explanatory notes for annual general meetings and special general meetings;
- Minutes of annual general meetings and special general meetings are also available to shareholders upon their request;
- Shareholders can access information on the Group's website www.unitedfood.com.sg which provides, inter alia, corporate announcements, press releases, annual reports, and profile of the Group.

The Company will review the need for analyst briefings, investor roadshows or Investors' Day briefings when the Group's financial performance improves. The Company has an internal investor relations function which focuses on facilitating communications with shareholders and analysts on a regular basis, attending to their queries or concerns and keeping them apprised of the Group's corporate developments and financial performance. During such interactions, the Company solicits and understands the views of shareholders and the investment community.

Shareholders are encouraged to attend the Company's AGM to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The AGM as the principal forum for dialogue with shareholders, and is for shareholders to voice their views, raise issues to and seek clarification from the Board or management regarding the Company and its operations. All shareholders of the Company will receive the Annual Report and Notice of AGM within the mandatory period. The Notice of AGM is also advertised in a local newspaper in Singapore.

The Chairmen of the AC, NC and RC attend AGMs to address questions at the AGM. The Company's external auditors are also invited to attend the AGM and are available to assist the Directors, in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of their auditors' report.

Dividend

The Group does not have a dividend policy. In considering the declaration of dividends, the Company will have to take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. No dividend has been declared for FY2017 due to the Group's loss position.

At the AGMs, the shareholders will be given an opportunity to voice their views and seek clarification from the Directors and members of the senior management.

In accordance with the Company's Bye-laws, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Bermuda Companies Act.

To safeguard the shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the re-election of the retiring Directors.

All votes of the shareholders at the shareholders' meeting will be taken by poll. Poll results will be announced via SGXNet of the SGX-ST and posted on the website of the Company after the meeting.

CORPORATE GOVERNANCE

(E) Interested Person Transactions

The Company does not have a mandate for transactions with Interested Persons.

In FY2017, other than transactions with Jiang Quan Hotel, there were no transactions with other Interested Persons. Transactions with Jiang Quan Hotel which amounted to less than 3% of the Group's NTA, are disclosed in the audited financial statements.

(F) Material Contracts

There are no material contracts of the Company or its subsidiaries involving the interest of the CEO, Directors or Controlling Shareholders either still subsisting as at 31 December 2017 or if not then subsisting, entered into since the end of the previous financial year.

(G) Dealings In Securities

The Group has adopted an internal compliance code of conduct to provide guidance to the Group, its officers regarding dealings in the securities of the Company and the implications of insider trading.

Directors and key employees of the Group, who have access to price-sensitive and confidential information are not permitted to deal in securities of the Company during the periods at least 2 weeks and one month before the announcement of the Group's quarterly and full-year results respectively and ending on the date of the announcement of such results, or when they are in possession of unpublished price-sensitive information on the Group. Directors and employees are also not allowed to deal in the Company's securities on short-term considerations and during the two weeks before the announcement of the Company's financial statements for the first three quarters of its financial year and the one month before the announcement of the Company's full year financial results.

The Company confirmed that it has adhered to its policy for securities transactions for FY2017 pursuant to Rule 1207(19) of the Listing Manual.

(H) Risk Management Policies and Processes

The Board regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks as follows:

Fluctuation in Raw Material Prices

The prices of raw materials are not only affected by the market's supply and demand but also the global economic conditions which had a significant impact on the commodity market. Management had constantly monitored the prices of raw materials, especially soybean and capitalized on the 100,000 tons storage tank (silo) and warehouses to maintain sufficient buffer stocks to act as natural hedge / "cushion" against mild price volatility. The Group suspended the production of the soybean processing division since 5 July 2015 due to the anti-pollution issue in Linyi, China.

Environment Friendliness

The Group's production processes are fully in compliance with the local environmental protection and safety standards in the PRC. The Group's waste-water recycling treatment plant has been appraised by the local environmental authority to be the model for other enterprises to follow in promoting a hygienic and healthy environment.

Fire and Other Calamity That Will Disrupt Production

To prevent fire or other calamity that may disrupt the Group's production, the Group has implemented safety measures at all its production facilities and office buildings. The Group has established safety procedures and regular drills are conducted to ensure that employees familiarize themselves with the basic safety protocols. The Group has sufficient fire insurance coverage against possible losses in respect of damages to its property, inventory and plant & machinery.

Change in Political, Economic and Legal Environment in the PRC

As the PRC economy is undergoing various developments, the PRC government will continue to refine its legal system and various economic policies to maintain and encourage foreign investment. We anticipate that China will continue to be the source of all of our revenue. Any change in China's political, economic and social conditions, law, and regulations and policies or any significant decline in the condition of the Chinese economy could adversely affect consumer buying power, result in a decrease in the growth rate of food industry in China, and reduce demand for the products in our portfolio, which in turn would have a material adverse on our business, results of operations and financial conditions. The Group endeavors to adapt to the various changes and will seek formal consultation with the relevant legislative authorities to ensure that the Group is in compliance with the relevant rules and regulations.

The Group's financial risk and management is discussed under Note 24 of the Notes to Financial Statements on page 72 of this Annual Report.

On 29 March 2018, the Group has obtained shareholders' approval to dispose its entire interests in the issued and paid-up share capital of Post-Ante Trading Limited which business activities were of soybean processing and animal feed production in People's Republic of China ("PRC").

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FINANCIAL CALENDAR

FIRST QUARTER	11 MAY 2017
SECOND QUARTER AND HALF-YEAR	10 AUGUST 2017
THIRD QUARTER	10 NOVEMBER 2017
FOURTH QUARTER AND FULL YEAR	29 MARCH 2018
FINANCIAL YEAR END	31 DECEMBER 2017
DESPATCH OF ANNUAL REPORT TO SHAREHOLDERS	14 MAY 2018
ANNUAL GENERAL MEETING	30 MAY 2018

DIRECTORS' STATEMENT

for the financial year ended 31 December 2017

The directors present their statement to the members together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2017.

Opinion of the directors

In the opinion of the directors,

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 37 to 41 are drawn up so as to give a true and fair view of the financial positions of the Company and of the Group as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this report are:

Executive Director:

Mr Wu Xiaoran

Non-executive Director:

Ms Song Yanan (Chairman)

Independent Non-executive Directors:

Prof Ling Chung Yee Roy

Mr Chng Hee Kok

Mr John Ng

Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this report, neither at the end of the year, nor at any time during the year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

According to the Register of Directors' Shareholdings, the following directors, who held office as at the end of the year, had interests in shares of the Company and related corporations as stated below:

	Direct interest	Deemed interest
Ordinary shares of the Company of HK\$0.10 each at 1 January 2017:		
Song Yanan	-	31,318,020
Ordinary shares of the Company of HK\$0.10 each at 31 December 2017:		
Song Yanan	-	44,223,680

DIRECTORS' STATEMENT

for the financial year ended 31 December 2017

Directors' interests in shares and debentures (Cont'd)

There were no changes in any of the above mentioned interests between the end of the financial year and 21 January 2018.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or the date of appointment if later, or at the end of the financial year.

Share Options

There is presently no option schemes on unissued shares of the Company.

Audit committee

At the end of the financial year, the Audit Committee comprises the following members:

Mr Chng Hee Kok (Chairman)
Prof Ling Chung Yee Roy
Mr John Ng

Details of the Company's Audit Committee, Nominating Committee and Remuneration Committee are set out in the Corporate Governance Report.

Directors' contractual benefits

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the company which is not determinable by the company within 1 year without payment other than statutory compensation.

Independent Auditors

The auditors, Foo Kon Tan LLP, have indicated their willingness to accept re-appointment.

Material information

The details are set out in pages 13 to 27 of the Corporate Governance Report.

Interested person transactions

Except for the transactions disclosed in note 22 to the financial statements, there were no interested person transactions during the financial year ended 31 December 2017. When a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

The AC will review all interested person transactions to be entered to ensure that the relevant rules under Chapter 9 of the Listing Manual of the SGX-ST are complied with. The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and Section 90 of the Companies Act 1981 of Bermuda, and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material statements, whether due to fraud or error.

DIRECTORS' STATEMENT

for the financial year ended 31 December 2017

In the opinion of the directors, the accompanying consolidated statement of financial position, the statement of financial position of the Company, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows, together with the notes thereon, are drawn up in accordance with and comply with International Financial Reporting Standards so as to present fairly the state of affairs of the Group and of the Company as at 31 December 2017 and of the results of the business, changes in equity and cash flows of the Group for the year ended on that date and as at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE BOARD OF DIRECTORS

Song Yanan
Non-executive Chairman

Wu Xiaoran
Executive Director

8 May 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED FOOD HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of United Food Holdings Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company present fairly, in all material respects, the financial position of the Group and the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the year ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

During the financial year ended 31 December 2017, the Group recognised employee benefits expense of RMB14.5 million (2016 - RMB20.3 million) in the consolidated statement of profit or loss and other comprehensive income of which an estimated RMB3.4 million for the period from January 2017 to May 2017 (2016 - RMB7.1 million for the year ended 31 December 2016) relates to employees who were made redundant arising from the suspension of the soybean processing division and closure of one animal feed production centre.

Based on local management's representation, these redundant employees had been retained on the payroll and were given a nominal monthly amount with the intention of rehiring them in future in the event of a resumption of the aforesaid businesses. These redundant employees have since moved on resulting in difficulties making payments to them individually. Former executive director cum chief executive officer handed out payments to the redundant employees on behalf of the local entity but did not obtain acknowledgment of receipt of payments from the redundant employees. These payroll expenses were incurred by Linyi Shengquan Grease Co., Ltd ("SQ Grease") which ceased payments to the retrenched employees from June 2017. During the financial year ended 31 December 2017, SQ Grease was transferred to disposal group classified as held for sale (Note 16) following the board of directors' committed plan to disposed of SQ Grease and several Group entities.

In the absence of evidence of receipt of wages by these redundant employees, we were unable to satisfy ourselves by alternative means concerning the occurrence and accuracy of the aforesaid payroll expenses of RMB3.4 million for the year ended 31 December 2017.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Professional Conduct and Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED FOOD HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

Information Other than the Financial Statements and Auditor's Report Thereon (Cont'd)

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate evidence about the occurrence and accuracy of payroll expenses for redundant employees for year ended 31 December 2017. Accordingly we are unable to conclude whether or not the other information is materially misstated with respect to this matter. We have nothing to report in this regard.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section, we have determined the matters described below to be the key audit matters to be communicated for our report.

Valuation of property, plant and equipment and land use rights (Refer to Notes 10 and 11 to the financial statements)

Risk:

Property, plant and equipment and land use rights collectively account for approximately 28% of the Group's total assets as at 31 December 2017. The Group has been incurring losses due to market conditions resulting in suspension of the soybean processing operations and closure of one animal feed production centre in prior years.

Management engaged an external professional valuer to assess the recoverable amount of property, plant and equipment and land use rights. The recoverable amount was determined to be the fair value less cost to sell of the assets, which was higher than the value in use of the assets.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and the underlying assumptions to be applied.

For the financial year ended 31 December 2017, the Group recognised an impairment loss of RMB20.9 million on property, plant and equipment and land use rights.

Our response and work performed:

We assessed the Group's processes for the selection of the external valuers, the determination of the scope of work of the external valuers, and the review and acceptance of the valuations reported by the external valuers. We have evaluated the competence, qualification and objectivity of management expert, obtained an understanding of the work of that expert, and evaluated the appropriateness of that expert's work as audit evidence for the relevant assertion. We also read the terms of engagement of the external valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.

We have evaluated whether the auditor's expert has the necessary competence, capabilities and objectivity for our purposes. Through our appointed auditor's expert, we considered the valuation methodologies used against those applied by the external valuers for similar property types. We have examined the valuation assumptions with regards to the market conformity. We have reviewed the mathematical correctness of fundamental calculation steps.

We also considered the adequacy of the descriptions in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED FOOD HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

Key Audit Matters (Cont'd)

Acquisition of subsidiaries – purchase price allocation (Refer to Note 8 to the financial statements)

Risk:

In August 2017, the Group completed the acquisition of Really Time Trading Limited and its subsidiary (the "RTTL Group").

IFRS 3 Business Combinations requires the Group to recognise the identifiable assets, liabilities and contingent liabilities at fair value at the date of the acquisition, with the excess of the acquisition cost over the identified fair values recognised as goodwill.

Management has engaged an independent valuer to issue a valuation report on the fair values of the identified assets and liabilities at the acquisition date. The purchase price allocation exercise was completed before the reporting date and goodwill of RMB12.7 million was recognised. This process involves estimation and judgement of future performance of the business and discount rate applied to future cash flow forecasts.

Our response and work performed:

We assessed the competence, objectivity and capabilities of the external specialist engaged by management to assess the purchase price allocation.

We engaged our valuation specialist to assess the valuation methodologies used by management and its external specialist in determining the fair value of the assets acquired and liabilities assumed.

We obtained the signed contractual agreement relating to the acquisition and read significant contract terms relevant to the accounting.

We discussed with management and its external specialisation on whether intangible assets may exist that are not included in the valuation report.

We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

Test for goodwill impairment

Risk:

As of 31 December 2017, the total carrying amount of goodwill is approximately RMB12.7 million. In accordance with IAS 36 *Impairment of Assets*, the Group is required to annually test goodwill for impairment. This annual impairment test was significant to our audit because the assessment process is complex and judgemental and based on assumptions that are affected by expected future market or economic conditions.

Our response and work performed:

We engaged our valuation expert to assist us in evaluating the assumptions and methodologies used by management in estimating future cash flows using a value-in-use calculation. We reviewed management's cash flows projection and assessed the basis of determining the discount rate reflecting risk in the discounted cash flow evaluation. We assessed the annual growth rate and long-term growth rate applied within the model, including comparison to economic and industry forecasts where appropriate.

We have evaluated whether the auditors' expert has the necessary competence, capability and objectivity for our purpose.

We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED FOOD HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of Section 90 of the Companies Act 1981 of Bermuda and IFRSs, and for internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UNITED FOOD HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

The independent auditor's report dated 5 April 2017 on the financial statements for the financial year ended 31 December 2016 of which we were auditors expressed a qualified audit opinion.

This report, including the opinion, has been prepared for and only for you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

The engagement partner on this audit resulting in this independent auditor's report is Toh Kim Teck.

Foo Kon Tan LLP
Public Accountants
and Chartered Accountants

Toh Kim Teck

Singapore
8 May 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
Continuing operations			
Revenue	3	34,932	-
Cost of sales		(33,463)	-
Gross profit		1,469	-
Other income	3	10	-
Administrative expenses		(4,157)	(4,893)
Loss before taxation from continuing operations		(2,678)	(4,893)
Income tax expense	4	(393)	-
Loss for the year from continuing operations		(3,071)	(4,893)
Discontinued operations			
Loss for the year from discontinued operations	5	(65,343)	(224,370)
Loss for the year	6	(68,414)	(229,263)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation difference (at nil tax)		(1,202)	(263)
Total comprehensive loss for the year		(69,616)	(229,526)
Loss attributable to:			
Equity holders of the Company			
Loss from continuing operations, net of tax		(3,461)	(4,893)
Loss from discontinued operations, net of tax	5	(65,343)	(224,370)
		(68,804)	(229,263)
Non-controlling interests			
Profit from continuing operations, net of tax	8	390	-
		(68,414)	(229,263)
Total comprehensive loss attributable to:			
Equity holders of the Company		(70,080)	(229,526)
Non-controlling interests	8	464	-
		(69,616)	(229,526)
Basic and diluted earnings per share:			
- Loss for the year	7	(0.50)	(2.08)
- Loss from continuing operations	7	(0.03)	(0.04)
- Loss from discontinued operations	7	(0.47)	(2.04)

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

as at 31 December 2017

		The Group		The Company	
	Note	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
ASSETS					
Non-current assets					
Subsidiaries	8	-	-	9	9
Goodwill	9	12,742	-	-	-
Property, plant and equipment	10	3	68,557	-	-
Land use rights	11	-	36,087	-	-
		12,745	104,644	9	9
Current assets					
Inventories	12	-	15,253	-	-
Trade and other receivables	13	71,802	75,273	106	-
Amounts due from subsidiaries	14	-	-	43,630	-
Cash and cash equivalents	15	62,973	24,292	1,006	-
		134,775	114,818	44,742	-
Disposal group classified as held for sale	16	77,850	-	-	-
		212,625	114,818	44,742	-
Total Assets		225,370	219,462	44,751	9
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	17	15,975	11,779	15,975	11,779
Reserves	18	169,123	190,474	14,106	(28,433)
Equity attributable to owners of the Company		185,098	202,253	30,081	(16,654)
Non-controlling interests	8	1,278	-	-	-
Total Equity/(Deficit in Total Equity)		186,376	202,253	30,081	(16,654)
LIABILITIES					
Current liabilities					
Trade and other payables	19	25,147	4,588	1,131	1,947
Amounts due to subsidiaries	14	-	-	13,539	13,919
Amounts due to shareholders	20	321	1,064	-	797
Provision	21	-	11,557	-	-
Current tax payable		598	-	-	-
		26,066	17,209	14,670	16,663
Disposal group classified as held for sale	16	12,928	-	-	-
Total Liabilities		38,994	17,209	14,670	16,663
Total Equity and Liabilities		225,370	219,462	44,751	9

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2017

	Attributable to owners of the Company								
	Share capital	Share premium	Contributed surplus reserve	Statutory reserve	Capital redemption reserve	Accumulated losses	Exchange translation reserves	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2016	294,465	509,919	-	19,431	2,982	(395,464)	446	-	431,779
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Capital reduction	(282,686)	(509,919)	397,141	-	-	395,464	-	-	-
Total transactions with owners, recognised directly in equity	(282,686)	(509,919)	397,141	-	-	395,464	-	-	-
Total comprehensive loss for the year									
Loss for the year	-	-	-	-	-	(229,263)	-	-	(229,263)
Currency translation difference	-	-	-	-	-	-	(263)	-	(263)
Total comprehensive loss for the year	-	-	-	-	-	(229,263)	(263)	-	(229,526)
At 31 December 2016	11,779	-	397,141	19,431	2,982	(229,263)	183	-	202,253

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2017

	← Attributable to owners of the Company →								
	Share capital	Share premium	Contributed surplus reserve	Statutory reserve	Capital redemption reserve	Accumulated losses	Exchange translation reserves	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	11,779	-	397,141	19,431	2,982	(229,263)	183	-	202,253
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Issue of shares	4,196	48,729	-	-	-	-	-	-	52,925
Acquisitions of subsidiaries	-	-	-	-	-	-	-	814	814
Total transactions with owners, recognised directly in equity	4,196	48,729	-	-	-	-	-	814	53,739
Total comprehensive loss for the year									
Loss for the year	-	-	-	-	-	(68,804)	-	390	(68,414)
Currency translation difference	-	-	-	-	-	-	(1,276)	74	(1,202)
Total comprehensive loss for the year	-	-	-	-	-	(68,804)	(1,276)	464	(69,616)
At 31 December 2017	15,975	48,729	397,141	19,431	2,982	(298,067)	(1,093)	1,278	186,376

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
Cash Flows from Operating Activities			
Loss before taxation			
- from continuing operations		(2,678)	(4,893)
- from discontinued operations		(65,343)	(224,370)
Adjustments for:			
Depreciation of property, plant and equipment	10	13,332	26,170
Amortisation of land use rights	11	6,638	7,719
Impairment loss on property, plant and equipment	10	11,925	51,547
Impairment loss on land use rights	11	9,019	-
Provision	21	-	11,557
Translation differences		(1,115)	(367)
Interest income	3	(10)	(586)
Cash flow used in operating activities before working capital changes		(28,232)	(133,223)
Change in inventories		5,568	46,089
Change in trade and other receivables		28,145	(74,915)
Change in trade and other payables		1,225	1,330
Cash generated from/(used in) operations		6,706	(160,719)
Interest received		10	586
Net cash generated from/(used in) operating activities		6,716	(160,133)
Cash Flows from Investing Activities			
Net cash from acquisition of subsidiaries	8	(15,849)	-
Net cash used in investing activities		(15,849)	-
Cash Flows from Financing Activities			
(Repayment)/advances from shareholders		(671)	1,064
Proceeds from issue of shares		52,925	-
Net cash generated from financing activities		52,254	1,064
Net changes in cash and cash equivalents		43,121	(159,069)
Effect of exchange rate changes on balances held in foreign currencies		(5)	104
Cash and cash equivalents at beginning of year		24,292	183,257
Cash and cash equivalents at end of year	15	67,408	24,292

The following is the disclosures of the reconciliation of liabilities arising from financing activities, excluding equity items:

	Cash flows			
	As at 1 January 2017 RMB'000	Repayment of advances RMB'000	Foreign exchange movement RMB'000	As at 31 December 2017 RMB'000
Loans and borrowings	1,064	(671)	(72)	321

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

1(a) General information

The financial statements of United Food Holdings Limited (the “Company”) and its subsidiaries (the “Group”) for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on the date of the Directors’ statement.

The Company was incorporated in Bermuda on 14 August 2000 with limited liability under the Companies Act 1981 of Bermuda. The Company’s registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal places of business of the Group are located at Shenquan Village, Luozhuang District, Linyi City, Shangdong Province, the People’s Republic of China.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 8 to these consolidated financial statements.

2(a) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) including interpretations promulgated by the International Financial Reporting Interpretations Committee (“IFRIC”) issued by the International Accounting Standards Board (“IASB”). The financial statements have been prepared under the historical cost basis, except as disclosed in the accounting policies below.

The consolidated financial statements are presented in Renminbi (RMB) to the nearest thousand, RMB’000. The functional currency of the Company is Hong Kong dollars. All financial information has been presented in RMB, unless otherwise stated.

The Group incurred a net loss of RMB68,414,000 (2016 – RMB229,263,000) and total comprehensive loss of RMB69,616,000 (2016 – RMB229,526,000) for the year ended 31 December 2017. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group’s and the Company’s ability to continue as a going concern.

Notwithstanding the above, management believes that the Group will have sufficient resources to continue in operation for the foreseeable future, a period of not less than twelve months from the date of issue of these financial statements, after taking into consideration the following:

- (i) As at 31 December 2017, the Group has net current assets of RMB108,709,000 and net assets of RMB186,376,000.
- (ii) Sales proceeds from divestment of disposal group classified as held for sale (Note 16).

Accordingly, the directors consider it appropriate that these financial statements are prepared on a going concern basis.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

Key sources of estimates uncertainty and significant judgements

The preparation of the financial statements in conformity with IFRS requires the management to exercise judgements in the process of applying the Group’s accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting periods and the reported amounts of revenues and expenses during the financial years. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2(a) Basis of preparation (Cont'd)

Key sources of estimates uncertainty and significant judgements (Cont'd)

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only the financial year or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are detailed below:

Significant judgements made in applying accounting policies

(i) Determination of functional currency

The functional currency for each entity in the Group is the currency of the primary economic environment in which it operates. These financial statements are presented in RMB, which is the functional and presentational currency of most of the Group entities. Determination of functional currency involves significant judgement and other companies may make different judgements based on similar facts. The functional currency of each of the Group entities is principally determined by the primary economic environment in which the respective entity operates.

The Group reconsiders the functional currency of its entities if there is a change in the underlying transactions, events and conditions which determine their primary economic environment. The determination of functional currency affects the carrying value of non-current assets included in the statement of financial position and, as a consequence, the amortisation of those assets included in the income statement. It also impacts exchange gains and losses included in the income statement.

(ii) Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. As at 31 December 2017, the Group did not recognise deferred tax assets in relation to unutilised tax losses due to uncertainty over which future taxable profit will be available against which the Group can utilise such benefit.

(iii) Classification of Post-Ante Trading Limited ("PATL") as disposal group held for sale and discontinued operations (Note 16)

On 17 October 2017, the Board of Directors announced that the Company received an offer from Financial Services Company for Innovative Industry in China Limited ("Purchaser"), a company limited by shares incorporated in Hong Kong, to acquire 200 ordinary shares, representing 100% of the issued and paid up share capital of PATL. The board of directors considered the criteria to classify as non-current assets (or disposal group) held for sale and discontinued operations to be met at that date for the following reasons:

- (i) The board of directors had commenced a plan to dispose of the Group and had entered into a Sale and Purchase agreement with the Purchaser on 24 November 2017.
- (ii) The disposal group is available for immediate sale in their present condition to the Purchaser, subject to satisfaction of the conditions precedent, including regulatory approval and approval of the shareholders at the special general meeting.

If the criteria are no longer met, any resulting impairment loss, depreciation and amortisation arising from the re-measurement of the disposal group as detailed in the accounting policy on "disposal group classified as held for sale" would affect the Group's statement of comprehensive income.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2(a) Basis of preparation (Cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumption when they occur.

(i) Useful lives and depreciation of property, plant and equipment (Note 10)

Management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. Changes in the expected level of usage, maintenance programmes, and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment is disclosed in Note 10 to the financial statements. A 5% difference in the estimated useful lives of property, plant and equipment from management's estimates will have no significant impact on the Group's loss for the year ended 31 December 2017.

(ii) Impairment of non-current assets (Notes 9, 10 and 11)

Goodwill, property, plant and equipment and land use rights are reviewed to determine whether there is any indications that the carrying value of these assets may not be recoverable and have suffered an impairment loss or indications that an impairment loss recognised in prior periods may no longer exist or may have decreased as at the end of the reporting period. If any such indication exists, the assets are tested for impairment. The recoverable amount of the assets is estimated in order to determine the extent of the impairment loss or reversal of impairment loss, if any.

The recoverable amounts of goodwill, property, plant and equipment and land use rights were based on fair value less cost to sell. Valuations were performed by an independent professional valuer to determine the fair value less cost to sell of the Group's goodwill, property, plant and equipment, and land use rights. The determination of fair values includes use of unobservable inputs. Due to the inherent valuation uncertainty, those estimated fair values may differ significantly from actual results, and those differences could be material.

Details of impairment tests of goodwill, property, plant and equipment and land use rights are disclosed in Notes 9 and 10.

(iii) Impairment of loans and receivables (Note 13)

The Group's policy for doubtful receivables is based on ongoing evaluation of the collectability and ageing analysis of the receivables and on management's judgement. Considerable judgement is required in assessing the estimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor, and the present values of the estimated future cash flows discounted at the effective interest rates. If the financial conditions of the Group's debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss of trade and other receivables may be required.

A significant degree of judgement is applied by management when considering whether a trade receivable is impaired. In determining this, management considers factors such as historical loss experience for assets with similar credit risk characteristics, default of payments, indications of financial difficulties of the specific customer, and general economic conditions.

The carrying amount of trade and other receivables is disclosed in Note 13 to the financial statements. If the present value of estimated future cash flows from trade and other receivables decreases by 5% from management's estimates, the Group's loss for the year ended 31 December 2017 will increase by approximately RMB3,590,000 (2016 – RMB3,763,000).

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2(b) Interpretations and amendments to published standards effective in 2017

On 1 January 2017, the Group has applied the new and revised standards, amendments and interpretation of IFRS that are mandatory for application from that date.

The adoption of the new and revised standards, amendments and interpretations of IFRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current period or prior financial year.

2(c) IFRS not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. However, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group currently plans to apply IFRS 9 initially on 1 January 2018. The actual impact of adopting IFRS 9 on the Group's consolidated financial statements in 2018 is not known and cannot be reliably estimated because it will be dependent on the financial instruments that the Group holds and economic conditions at that time as well as accounting elections and judgements that it will make in the future.

i. Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Based on its preliminary assessment, the Group does not believe that the new classification requirements, if applied at 31 December 2017, would have had a material impact on its accounting for trade and other receivables.

ii. Impairment – Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets. Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2(c) IFRS not yet effective (Cont'd)

ii. Impairment – Financial assets and contract assets

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

The Group believes that impairment losses are likely to increase and become more volatile for assets in the scope of the IFRS 9 impairment model. However, the Group has not yet finalised the impairment methodologies that it will apply under IFRS 9.

iii. Classification – Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

However, under IAS 39, all fair value changes of liabilities designated at FVTPL are recognised in profit or loss, whereas under IFRS 9, these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Group has not designated any financial liabilities at FVTPL and the Group has no current intention to do so. The Group's preliminary assessment did not indicate any material impact if IFRS 9's requirements regarding the classification of financial liabilities were applied at 31 December 2017.

IFRS 15 and Clarification to IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2(c) IFRS not yet effective (Cont'd)

IFRS 15 and Clarification to IFRS 15 Revenue from Contracts with Customers (Cont'd)

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. In April 2017, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Group recognises revenue from the following major sources:

- Sale of animal feed products
- Sale from trading of food products

Accordingly, revenue will be recognised for each of these performance obligations when control over the corresponding goods and services is transferred to the customer.

Clarifications to IFRS 15 Revenue Contracts with Customers clarifies how to:

- Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract;
- Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and
- Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is adopting IFRS 15 in its financial statements for the year ending 31 December 2018. During 2017, the Group completed its initial assessment, the Group does not expect significant changes to the basis of revenue recognition for its revenue from sale of animal feed products and sale from trading of food products on the adoption of IFRS 15.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (on balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2(c) IFRS not yet effective (Cont'd)

IFRS 16 Leases (Cont'd)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Furthermore, more extensive disclosures are required by IFRS 16.

The Group does not have any non-cancellable operating lease commitments or finance leases. The application of IFRS 16 will not have any impact on its consolidated financial statements.

Other amendments

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

2(d) Summary of significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2(d) Summary of significant accounting policies (Cont'd)

Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if the Group has all of the following:

- power over the investee;
- exposure or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting

Non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in ownership interests in subsidiaries without change of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2(d) Summary of significant accounting policies (Cont'd)

Subsidiaries (Cont'd)

Changes in ownership interests in subsidiaries resulting in loss of control

When the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business Combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

Bargain purchase

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2(d) Summary of significant accounting policies (Cont'd)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognised in statement of comprehensive income on a straight-line basis so as to write off the cost of these assets over their estimated useful lives as follows:

Buildings	10 to 20 years
Leasehold improvements	5 to 10 years
Plant and machinery	5 to 10 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense in statement of comprehensive income during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Gains and losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net proceeds and the carrying amount of the asset and are recognised in statement of comprehensive income on the date of retirement or disposal.

Depreciation method, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

Land use rights

Land use rights are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on the straight-line basis to write off the cost of the land use rights over the lease terms.

Financial assets

Financial assets can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Company and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2(d) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each reporting date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in statement of comprehensive income when received, regardless of how the related carrying amount of financial assets is measured.

The Group does not hold any financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in "current assets", except for maturities greater than 12 months after the reporting date which are classified as "non-current assets".

Loans and receivables include trade and other receivables and cash and cash equivalents. They are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in the statement of comprehensive income. Any reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date the impairment is reversed. Any reversal is recognised in statement of comprehensive income.

Receivables are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances. For the purpose of the consolidated statement of cash flows, pledged bank balances are excluded while bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowances for obsolete or slow-moving items. Cost is determined on a first-in, first-out basis, and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads. Net realisable value is based on estimated selling prices in the ordinary course of business less any estimated costs to be incurred to completion and disposal.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2(d) Summary of significant accounting policies (Cont'd)

Assets and liabilities classified as held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to consumable stocks, financial assets and deferred tax assets which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Property, plant and equipment once classified as held for sale are not depreciated.

If the criteria to classify as held for sale are no longer met, the assets, or disposal group, are remeasured at the lower of the carrying amount before the classification as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the assets or disposal group not been classified as held for sale, and the recoverable amount at the date of the subsequent decision not to sell.

Discontinued operation

A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations. In profit or loss of the comparative period of the previous year, all income and expenses from discontinued operation are reported separately from income and expenses from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in profit or loss. Consequently, certain comparative figures were re-presented to reflect the financial effect of excluding the "discontinued operation".

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profits, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Financial liabilities

The Group's financial liabilities include trade and other payables and amounts due to related parties.

Financial liabilities are recognised when the Group and the Company become a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance costs" in statement of comprehensive income. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Trade and other payables and related party balances are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2(d) Summary of significant accounting policies (Cont'd)

Financial liabilities (Cont'd)

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Retirement benefits

Pursuant to the relevant regulations of the government of the People's Republic of China (the "PRC"), the subsidiaries in Mainland China have each participated in a local municipal government retirement benefit scheme (the "Scheme"), pursuant to which the subsidiaries in Mainland China are required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefit obligations of all existing and future retired employees of the Group's subsidiaries in Mainland China. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to statement of comprehensive income as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:
 - (i) has control or joint control of the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or the Company or a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and the fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third party and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2(d) Summary of significant accounting policies (Cont'd)

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and members of management team are considered key management personnel.

Provisions

Provisions are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable statement of comprehensive income at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in statement of comprehensive income, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred income tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2(d) Summary of significant accounting policies (Cont'd)

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, excluding inventories, subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the asset belongs will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the company at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flows evaluation. All assets are subsequently reassessed for indicators that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case, it is charged to equity.

An impairment loss, except for goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss has been recognised. A reversal of impairment loss is recognised in the statement of comprehensive income.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and
- (b) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial assets.

Functional currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in RMB, whereas the functional currency of the Company is Hong Kong dollars.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

2(d) Summary of significant accounting policies (Cont'd)

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting period are recognised in the statement of comprehensive income, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to statement of comprehensive income as part of the gain or loss on disposal of the foreign operation.

Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rates at the dates of the transactions. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Group entities

The results and financial positions of all the entities within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the end of reporting period;
- (ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at average exchange rates.
- (iii) All resulting currency translation differences are recognised in the currency translation reserve in equity.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

All operating segments' operating results are reviewed regularly by the Group's directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Additional disclosures on operating segments are shown in Note 28 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

Segment results that are reported to the Group's directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

3 Revenue and other income

The Group	2017 RMB'000	2016 RMB'000
<u>Revenue</u>		
Sales of food products	34,932	-
<u>Other income</u>		
Bank interest income	10	-

4 Income tax expense

The Group	2017 RMB'000	2016 RMB'000
<u>Current tax expense</u>		
Current year	393	-
	393	-

At the reporting date, the Group has not recognised deferred tax assets in respect of tax losses amounting to approximately RMB283,000,000 (2016 - RMB328,000,000) because it is not probable that future taxable profit will be available against which the Group can utilise the benefits. The tax losses are subject to agreement by the tax authority and compliance with tax regulations in the PRC in which the subsidiary operates. The tax losses will expire as follows:

The Group	2017 RMB'000	2016 RMB'000
Year 2017	-	223,451
Year 2018	93,522	93,522
Year 2019	-	-
Year 2020	811,400	811,400
Year 2021	182,825	182,825
Year 2022	44,496	-
	1,132,243	1,311,198

The Group	2017 RMB'000	2016 RMB'000
Loss before taxation from continuing operations	(2,678)	(4,893)
Loss before taxation from discontinued operations	(65,343)	(224,370)
Total loss before taxation	(68,021)	(229,263)

Reconciliation of effective tax rate

Income tax using the PRC tax rate of 25% (2016 - 25%)	(17,005)	(57,316)
Tax effect on non-deductible expenses	6,475	13,059
Effect of tax rates in foreign jurisdictions	(201)	1,312
Deferred tax assets on losses not recognised	11,124	42,945
Income tax expense	393	-

As at 31 December 2017, deferred tax liabilities have not been recognised on undistributed profits of a subsidiary of RMB1,990,000 (2016 - RMB nil) which are not subject to tax upon declaration of dividend to the Company.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

5 Discontinued operations

The Group's investments in Post-Ante Trading Limited, Globe Bright Limited, Linyi Shengquan Grease Co., Ltd ("SQ Grease") 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 definitively committed on a plan to dispose of the operations.

The combined results of the discontinued operations included in the Group's loss for the year are set out below. The comparative consolidated statement of profit or loss and other comprehensive income and consolidated cash flow statement have been re-presented to separately disclose the operations classified as discontinued in the current year.

The Group	2017 RMB'000	2016 RMB'000
Revenue	133,940	265,744
Cost of sales	(132,430)	(336,571)
Gross profit/(loss)	1,510	(70,827)
Other income	135	1,539
Selling and distribution expenses	(3,389)	(4,795)
Administrative expenses	(42,656)	(83,787)
Other expenses, net	(20,943)	(66,500)
Loss before taxation from discontinued operations	(65,343)	(224,370)
Income tax expense	-	-
Loss for the year from discontinued operations	(65,343)	(224,370)

The net cash flows incurred by discontinued operations are as follows:

The Group	2017 RMB'000	2016 RMB'000
Operating activities	(19,857)	(158,483)
Investing activities	-	-
Financing activities	-	-
Net cash outflow	(19,857)	(158,483)

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

6 Loss for the year

The Group	Note	2017 RMB'000	2016 RMB'000
Loss for the year has been arrived at after charging:			
Cost of inventories sold		165,893	335,829
Directors' remuneration:			
- Fees		594	965
- Short-term employee benefits		186	616
		780	1,581
Depreciation of property, plant and equipment	10	13,332	26,170
Amortisation of land use rights	11	6,638	7,719
Impairment loss on property, plant and equipment	10	11,925	51,547
Impairment loss on land use rights	11	9,019	-
Operating lease expenses		-	229
Research costs		116	251
Auditor's remuneration of the Company		865	857
Employee benefit expenses (excluding directors' remuneration):			
- Wages and salaries		11,814	15,606
- Contributions to defined contribution plan		2,613	4,496
- Research costs		90	189
		14,517	20,291
Employee benefit expenses are recorded as follows:			
- Cost of sales		2,271	4,469
- Selling and distribution expenses		1,679	2,228
- Administrative expenses		10,567	13,594
		14,517	20,291

7 Loss per share attributable to ordinary equity holders of the Company

The Group	2017 RMB'000	2016 RMB'000
Loss attributable to ordinary shareholders of the Company		
Loss for the year	(68,804)	(229,263)
Loss from continuing operations	(3,461)	(4,893)
Loss from discontinued operations	(65,343)	(224,370)
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	138,342,412	110,080,868
Basic and diluted earnings per share (RMB):		
Loss for the year	(0.50)	(2.08)
Loss from continuing operations	(0.03)	(0.04)
Loss from discontinued operations	(0.47)	(2.04)

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

8 Subsidiaries

	2017 RMB'000	2016 RMB'000
The Company		
Unquoted equity shares, at cost	223,747	223,747
Less: Impairment loss on net investment in subsidiaries	(223,738)	(223,738)
Net carrying value	9	9
Accumulated impairment losses		
At beginning and end of the year	223,738	223,738

Details of the subsidiaries are:

Name of subsidiary	Country of incorporation	Effective equity interest held by the Group		Principal activities
		2017 %	2016 %	
<u>Directly held by the Company</u>				
Post-Ante Trading Limited	British Virgin Islands	100	100	Investment holding
Brighten Ocean International Limited (“Brighten Ocean”)	Hong Kong	100	100	Investment holding
<u>Held by Post-Ante</u>				
Globe Bright Limited (“GBL”) `	Hong Kong	100	100	Provision of administrative services
Linyi Shengquan Grease Co., Ltd	PRC	100	100	Production and sale of soybean meal and soybean oil and feed production
<u>Held by Brighten Ocean</u>				
Yi Kei International Limited (“Yi Kei”)	Hong Kong	100	100	Investment holding
Pearlfield China Limited (“Pearlfield”)	Hong Kong	100	100	Investment holding
<u>Held by Pearlfield</u>				
Shenzhen Bao Yao Agricultural Products Limited	PRC	100	100	Trading of agricultural products
Really Time Trading Limited (“RTTL”)	Hong Kong	80	–	Trading of food products
<u>Held by RTTL</u>				
Shenzhen Hualitai Food Trading Co., Ltd	PRC	80	–	Trading of food products

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

8 Subsidiaries (Cont'd)

Name of subsidiary	Country of incorporation	Effective equity interest held by the Group		Principal activities
		2017 %	2016 %	
<u>Held by Yi Kei</u>				
Shenzhen Yi Kei Logistics Supply-chain Limited	PRC	100	100	Logistics services
<u>Held by GBL</u>				
Linyi Jiang Tian Trading Limited	PRC	100	100	Trading of food products

All subsidiaries of the Group, as listed above, are audited by Foo Kon Tan LLP for consolidation purposes.

Acquisitions of subsidiaries

On 22 August 2017, the Group acquired a 80% equity interest in Really Time Trading Limited and its subsidiary (the "RTTL Group") for a cash consideration of RMB16,000,000. The acquisition is in line with the Group's strategy to establish its business presence in trading of food products.

From the date of acquisition to 31 December 2017, the RTTL Group contributed revenue of RMB34,932,000 and net profit of RMB1,950,000 to the Group's results.

The fair value of identifiable assets acquired and liabilities assumed, and effect of cash flows are presented as follows:

The Group	2017 RMB'000
Trade and other receivables	24,543
Cash and bank balances	151
Trade and other payables	(20,407)
Current tax payable	(215)
Total identifiable net assets at fair value	4,072
Non-controlling interests	(814)
Goodwill (Note 9)	12,742
Total purchase consideration	16,000
Effect on cash flows of the Group	
Purchase consideration paid	16,000
Less: Cash and bank balances acquired	(151)
Net cash outflow on acquisition	(15,849)

Measurement of fair value

Financial assets and financial liabilities

The carrying amounts of the financial assets and financial liabilities approximated their fair values at the acquisition date.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

8 Subsidiaries (Cont'd)

Measurement of fair value (Cont'd)

Non-controlling interests

The Group has elected to measure the non-controlling interests at the non-controlling interests' proportionate share of the subsidiaries' net identifiable assets.

Acquisition-related costs

The Group incurred acquisition-related costs of RMB150,000 relating to professional fees. These costs have been included in other operating expenses in the Group's consolidated statement of comprehensive income.

Summarised financial information in respect of the Group's subsidiaries that have non-controlling interests (NCI) is set out below. The summarised financial information without adjusting for equity interest of NCIs in the subsidiaries represents amounts before inter-company eliminations.

	RTTL Group RMB'000
2017	
Revenue	34,932
Profit for the year	1,950
Other comprehensive income ("OCI")	369
Total comprehensive income	2,319
Attributable to NCI:	
Profit for the year	390
OCI	74
Total comprehensive income attributable to NCI	464
Non-current assets	3
Current assets	52,676
Current liabilities	(46,289)
Net assets	6,390
Net assets attributable to NCI:	1,278
Net cash outflow from operating activities	(1,220)
Net cash outflow from investing activities	(39,928)
Net cash inflow from financing activities	41,978
Net changes in cash and cash equivalents	830

9 Goodwill

	2017 RMB'000	2016 RMB'000
The Group		
Goodwill	12,742	-

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

9 Goodwill (Cont'd)

Impairment test for goodwill

As at 31 December 2017, the carrying amount of goodwill is attributable to the food trading business constituting a cash-generating unit ("CGU"). The recoverable amount of the CGU was determined based on its value-in-use calculation, determined by discounting the projected five-year cash flows to be generated from the continuing use of the CGU at a pre-tax discount rate of 18.83%. The terminal value growth rate used does not exceed the historical long-term growth rate of the market the CGU operates in.

As at 31 December 2017, the carrying amount of the CGU containing goodwill was lower than its recoverable amount.

The Group believes that any reasonably possible change in the above key assumptions relating to growth rates and discount rates are not likely to cause the recoverable amounts of the CGU to be materially lower than its carrying amount.

10 Property, plant and equipment

The Group	Buildings RMB'000	Leasehold Improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost						
At 1 January 2016 and 31 December 2016	471,036	74,271	541,658	769	5,369	1,093,103
Additions	-	-	-	3	-	3
Reclassified to assets held for sale (Note 16)	(471,036)	(74,271)	(541,658)	(769)	(5,369)	(1,093,103)
At 31 December 2017	-	-	-	3	-	3
Accumulated depreciation and impairment loss						
At 1 January 2016	417,096	72,710	451,056	598	5,369	946,829
Depreciation for the year	7,884	1,561	16,678	47	-	26,170
Impairment loss	6,515	-	45,032	-	-	51,547
At 31 December 2016	431,495	74,271	512,766	645	5,369	1,024,546
Depreciation for the year	8,651	-	4,635	46	-	13,332
Impairment loss	11,925	-	-	-	-	11,925
Reclassified to assets held for sale (Note 16)	(452,071)	(74,271)	(517,401)	(691)	(5,369)	(1,049,803)
At 31 December 2017	-	-	-	-	-	-
Net book value						
At 31 December 2017	-	-	-	3	-	3
At 31 December 2016	39,541	-	28,892	124	-	68,557

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

10 Property, plant and equipment (Cont'd)

Impairment tests for property, plant and equipment and land use rights

During the financial year, management carried out a review of the recoverable amount of its property, plant and equipment, and land use rights attributable to the related CGUs. An impairment loss of RMB11,925,000 (2016 - RMB51,547,000) and RMB 9,019,000 (2016 - Nil), being the excess of the carrying amounts over the recoverable amounts, was recognised on property, plant and equipment, and land use rights, respectively, for the year ended 31 December 2017.

The recoverable amount of the Group's buildings together with land use rights and plant and equipment was based on the CGU's fair value less costs to sell, as determined by an independent professional valuer with recognised and relevant professional qualifications and experience within the local market and the category of properties to be valued. The determination of fair values includes use of unobservable inputs.

The fair value less costs to sell of buildings together with land use rights (Level 3 valuation) was determined based on the market approach and cost approach. The market approach is based on sale in their existing states with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market. Appropriate adjustments have then been made to account for the differences between the properties and the comparables in terms of location, time, size and other relevant factors. The cost approach is based on an estimate of the cost of replacement with allowance for accrued depreciation as evidenced by observed condition or obsolescence present in the properties.

The fair value less cost to sell of plant and machinery (Level 3 valuation) was determined using the cost approach. The cost approach is based on the cost to reproduce or replace under new condition with current market prices for similar assets, with allowance for accrued depreciation arising from the conditions, utility, age, wear and tear, or obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history.

11 Land use rights

The Group	2017 RMB'000	2016 RMB'000
<u>Cost</u>		
At 1 January	216,000	216,000
Reclassified to assets held for sale (Note 16)	(216,000)	-
At 31 December	-	216,000
<u>Accumulated amortisation and impairment</u>		
At 1 January	179,913	172,194
Amortisation for the year	6,638	7,719
Impairment for the year (Note 10)	9,019	-
Reclassified to assets held for sale (Note 16)	(195,570)	-
At 31 December	-	179,913
<u>Net book value</u>		
At 31 December	-	36,087

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

12 Inventories

The Group	2017 RMB'000	2016 RMB'000
At cost:		
Raw materials	-	14,227
Finished goods	-	1,026
	-	15,253

13 Trade and other receivables

	The Group		The Company	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Trade receivables	11,695	-	-	-
Other receivables	107	273	106	-
Deposits*	60,000*	75,000	-	-
	71,802	75,273	106	-

* Refundable for business acquisitions.

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Hong Kong dollar	11,802	-	106	-
Renminbi	60,000	75,273	-	-
	71,802	75,273	106	-

The ageing analysis of trade receivables is as follows:

The Group	2017 RMB'000	2016 RMB'000
Not past due	-	-
Past due not more than 3 months	3,196	-
Past due more than 3 months but less than 6 months	5,530	-
Past due more than 6 months	2,969	-
	11,695	-

At the reporting date, no allowance for impairment is necessary in respect of trade receivables past due and not past due based on the credit quality and past collection history of the counterparties.

14 Amounts due from/(to) subsidiaries

Amounts due from/(to) subsidiaries, comprising mainly advances, are denominated in Hong Kong dollars, unsecured, non-interest bearing and repayable on demand.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

15 Cash and cash equivalents

	The Group		The Company	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	62,973	24,292	1,006	-

Renminbi is not freely convertible into foreign currencies. However, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies through banks that are authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	2017	2016
The Group	RMB'000	RMB'000
Continuing operations	62,973	24,292
Discontinued operations (Note 16)	4,435	-
	67,408	24,292

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Hong Kong dollar	2,758	68	1,006	-
Renminbi	60,212	24,224	-	-
Others	3	-	-	-
	62,973	24,292	1,006	-

16 Disposal group classified as held for sale

On 24 November 2017, the Company announced that it had entered into an agreement to dispose of wholly-owned subsidiaries, comprising Post-Ante Trading Limited, Globe Bright Limited, Linyi Shengquan Grease Co., Ltd ("SQ Grease") and Linyi Jiang Tian Trading Limited (collectively the "Disposal Group"), to an unrelated party for consideration of RMB75,000,000. The transaction is expected to complete subsequent to year end subject to certain conditions, including regulatory approval and approval of the shareholders at the special general meeting.

The proposed disposal is consistent with the Group's long-term strategy to focus its activities on new businesses.

In compliance with IFRS 105 Non-Current Assets Held for Sale and Discontinued Operations, the assets and liabilities of the Disposal Group are classified as a disposal group held for sale on the consolidated balance sheet and its results are presented separately in the consolidated statement of profit or loss as "Discontinued Operations".

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

16 Disposal group classified as held for sale (Cont'd)

Assets held for sale are measured at the lower of carrying amount and fair value less costs of disposal. The fair value less costs to sell was determined by an independent firm of professional valuers based on the market approach and cost approach. The Group has recognised an impairment loss of RMB11,925,000 and RMB9,019,000 on the property, plant and equipment, and land use right, respectively in respect of the Disposal Group when reclassifying as assets held for sale as the expected fair value less costs of disposal is lower than the carrying amount.

As at 31 December 2017, the Disposal Group classified as held for sale comprise assets and liabilities as follows:

The Group	Note	2017 RMB'000
Assets		
Property, plant and equipment	10	43,300
Land use rights	11	20,430
Inventories		9,685
Cash and cash equivalents	15	4,435
Assets classified as disposal group held for sale		<u>77,850</u>
Liabilities		
Trade and other payables		1,371
Provision	21	11,557
Liabilities classified as disposal group held for sale		<u>12,928</u>

17 Share capital

The Group and The Company	Number of ordinary shares	Nominal value of ordinary shares	
		HK\$'000	RMB'000
Authorised:			
At 1 January 2016 (par value of HK\$2.50 each)	200,000,000	500,000	535,000
Capital reduction	4,800,000,000	–	(84,240)
At 31 December 2016 (par value of HK\$2.50 each) and 31 December 2017 (par value of HK\$0.10 each)	5,000,000,000	500,000	450,760
Issued and fully paid-up ordinary shares:			
At 1 January 2016	110,080,868	275,202	294,465
Capital reduction	–	(264,194)	(282,686)
At 31 December 2016	110,080,868	11,008	11,779
Issue of shares	47,820,516	4,782	4,196
At 31 December 2017	157,901,384	15,790	15,975

2017

During the year ended 31 December 2017, the Company issued and allotted 47,820,516 shares for cash with net proceeds of HK\$52,925,000 and recorded HK\$48,729,000 within share premium.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

17 Share capital (Cont'd)

2016

During the year ended 31 December 2016, the Company completed a capital reduction exercise involving:

- (i) a reduction in the par value of the shares from HK\$2.50 each to HK\$0.10 each, thereby reducing the issued share capital by RMB282,686,000 from RMB294,465,000 to RMB11,779,000;
- (ii) the reduction of RMB509,919,000 standing to the credit of the share premium account of the Company; and
- (iii) the credit of RMB792,605,000 arising as a result of the capital reduction was applied to eliminate the entire accumulated losses of the Company amounting to RMB395,464,000 as at 31 December 2015 with the remaining balance of RMB397,141,000 (Note 18) transferred to the contributed surplus account of the Company.

The capital reduction resulted in an increase in the authorised share capital of the Company from HK\$20,000,000 divided into 200,000,000 shares of par value of HK\$0.10 each to HK\$500,000,000 divided into 5,000,000,000 shares of par value HK\$0.10 each. There is no change in the number of shares issued by the Company after the capital reduction exercise.

18 Reserves

	The Group		The Company	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Share premium	48,729	–	48,729	–
Contributed surplus reserve	397,141	397,141	397,141	397,141
Statutory reserve	19,431	19,431	–	–
Capital redemption reserve	2,982	2,982	2,982	2,982
Accumulated losses	(298,067)	(229,263)	(431,879)	(427,148)
Exchange translation reserve	(1,093)	183	(2,867)	(1,408)
	169,123	190,474	14,106	(28,433)

Share premium

The share premium account may be distributed in the form of fully paid bonus shares.

Contributed surplus reserve

Contributed surplus reserve represents the excess of the credit amount arising from the capital reduction over the amount utilised to offset against the Company's accumulated losses as at 31 December 2016.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of a company is available for distribution.

Statutory reserve

In accordance with the relevant PRC regulations, Linyi Shengquan Grease Co., Ltd ("SQ Grease"), being the wholly-owned foreign investment enterprise established in Mainland China, is required to appropriate not less than 10% of its profit after tax to its statutory reserve, until the balance of the reserve reaches 50% of its registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve of SQ Grease may be used to offset against any of its accumulated losses.

There were no appropriations of the statutory reserve during the year (2016 - Nil).

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

18 Reserves (Cont'd)

Capital redemption reserve

Capital redemption reserve represents the nominal value of the Shares of the Company which was transferred from the Company's retained earnings upon repurchase and cancellation of Shares by the Company.

Exchange translation reserve

The exchange translation reserve comprises foreign exchange differences arising from the translation of the financial statements of Group entities whose functional currencies are different from that of the Group's presentation currency.

19 Trade and other payables

	The Group		The Company	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	3,628	–	–	–
Other payables	20,367	922	72	335
Accruals	1,152	3,666	1,059	1,612
	25,147	4,588	1,131	1,947

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Hong Kong dollar	4,835	1,947	1,131	1,947
Renminbi	20,312	2,641	–	–
	25,147	4,588	1,131	1,947

20 Amounts due to shareholders

Amounts due to shareholders are denominated in Hong Kong dollars, unsecured, interest-free and repayable on demand.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

21 Provision

	The Group		The Company	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	11,557	-	-	-
Provision made during the year	-	11,557	-	-
Reclassified to held for sale (Note 16)	(11,557)	-	-	-
At 31 December	-	11,557	-	-

Provision, pertaining to a claim from a subsidiary's contractor for costs of supply and installation of equipment and system at pig farms and related breach of contractual terms in prior years and resultant legal fees, is based on the judgement issued by the court.

22 Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, there were significant related party transactions which were carried out in the normal course of business on terms agreed between the parties as follows:

The Group	Note	2017 RMB'000	2016 RMB'000
<u>Related corporation</u>			
Catering and accommodation expenses paid	(i)	300	350
Compensation of key management personnel:			
short-term employee benefits	(ii)	1,838	2,888

(i) The related corporation is owned by a nephew of Mr Wang Tingbao, a shareholder of the Company and former Executive Vice Chairman and Chief Executive Officer.

(ii) Further details of directors' remuneration are included in Note 23 to the financial statements.

23 Directors' remuneration

The number of directors of the Group whose remuneration falls within the following band is disclosed in compliance with Rule 1207(11) of Chapter 12 of the Listing Manual of the SGX-ST:

The Group	Executive/ non-executive directors	Independent non-executive directors	Total
2017			
Below S\$250,000 (equivalent to approximately RMB1,200,000)	2	3	5
2016			
Below S\$250,000 (equivalent to approximately RMB1,200,000)	4	3	7

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

24 Financial risk management

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change in the Group's exposure to these risks or the manner in which it manages and measures risks.

Credit risk

Credit risk refers to the risk that counterparties may default on their contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables.

Financial assets that are neither past due nor impaired

Cash deposits placed with banks which are regulated. Trade and other receivables that are neither past due nor impaired are with customers with a good collection track records with the Group.

Financial assets that are past due and/or impaired

The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The Group performs ongoing credit evaluation of its customers' financial conditions and requires no collateral from its customers.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

24 Financial risk management (Cont'd)

Liquidity risk (Cont'd)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flow.

The Group	Carrying amount RMB'000	Total RMB'000	Less than one year RMB'000
At 31 December 2017			
Financial liabilities			
Trade and other payables	25,147	25,147	25,147
Amounts due to shareholders	321	321	321
	<u>25,468</u>	<u>25,468</u>	<u>25,468</u>
At 31 December 2016			
Financial liabilities			
Trade and other payables	4,588	4,588	4,588
Amounts due to shareholders	1,064	1,064	1,064
Provision	11,557	11,557	11,557
	<u>17,209</u>	<u>17,209</u>	<u>17,209</u>
The Company	Carrying amount RMB'000	Total RMB'000	Less than one year RMB'000
At 31 December 2017			
Financial liabilities			
Trade and other payables	1,131	1,131	1,131
Amounts due to subsidiaries	13,539	13,539	13,539
	<u>14,670</u>	<u>14,670</u>	<u>14,670</u>
At 31 December 2016			
Financial liabilities			
Trade and other payables	1,947	1,947	1,947
Amounts due to subsidiaries	13,919	13,919	13,919
Amounts due to shareholders	797	797	797
	<u>16,663</u>	<u>16,663</u>	<u>16,663</u>

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are dominated in foreign currencies.

The Group is not exposed to foreign currency as its transactions are denominated in the respective functional currencies of the Group's entities.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

25 Capital management

The Group's and the Company's objectives when managing capital are:

- (a) To safeguard the Group's and the Company's ability to continue as a going concern;
- (b) To support the Group's and the Company's stability and growth;
- (c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and
- (d) To provide an adequate return to shareholders.

The Group and the Company manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

There were no changes in the Group's and the Company's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total equity. Net debt represents total liabilities less cash and cash equivalents.

	The Group		The Company	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Total liabilities	26,066	17,209	14,670	16,663
Less: Cash and cash equivalents	(62,973)	(24,292)	(1,006)	-
Net (asset)/debt (A)	(36,907)	(7,083)	13,664	16,663
Total equity/(Deficit in total equity) (B)	186,376	202,253	30,081	(16,654)
Gearing ratio (times) (A)/(B)	*	*	0.5	#

* Not presented as the Group has net assets

Not presented as the Company has deficit in total equity

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

26 Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting periods are as follows:

	2017 RMB'000	2016 RMB'000
The Group		
<u>Financial assets</u>		
Trade and other receivables (Note 13)	71,802	75,273
Cash and cash equivalents (Note 15)	62,973	24,292
	<u>134,775</u>	<u>99,565</u>
<u>Financial liabilities</u>		
Trade and other payables (Note 19)	25,147	4,588
Amounts due to shareholders (Note 20)	321	1,064
Provision (Note 21)	–	11,557
	<u>25,468</u>	<u>17,209</u>
The Company		
<u>Financial assets</u>		
Trade and other receivables (Note 13)	106	–
Amounts due from subsidiaries (Note 14)	43,630	–
Cash and cash equivalents (Note 15)	1,006	–
	<u>44,742</u>	<u>–</u>
<u>Financial liabilities</u>		
Trade and other payables (Note 19)	1,131	1,947
Amounts due to subsidiaries (Note 14)	13,539	13,919
Amounts due to shareholders (Note 20)	–	797
	<u>14,670</u>	<u>16,663</u>

27 Fair value measurement

Definition of fair value

IFRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as is prices) or indirectly (i.e. derived from prices); and
- Level 3 : unobservable inputs for the asset or liability.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

27 Fair value measurement (Cont'd)

Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value as at 31 December 2017 and 31 December 2016:

The Group	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
31 December 2017				
Property, plant and equipment presented within disposal group classified as held for sale (Note 16)	-	-	43,300	43,300
Land use rights presented within disposal group classified as held for sale (Note 16)	-	-	20,430	20,430
31 December 2016				
Property, plant and equipment (Note 10)	-	-	68,557	68,557
Land use rights (Note 11)	-	-	36,087	36,087

Valuation technique and significant unobservable inputs

The following table shows the Group's valuation technique used in measuring Level 3 fair values as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Buildings and land use rights	Market approach Cost approach	<ul style="list-style-type: none"> - price per square meter - adjustment factor - obsolescence factor 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> - price per square meter was higher/(lower) - adjustment factor was favourable/(not favourable) - obsolescence was lower/(higher)
Plant and equipment	Cost approach	<ul style="list-style-type: none"> - price trend indexes - obsolescence factor 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> - price trend indexes were higher/(lower) - obsolescence factor was lower/(higher)

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

27 Fair value measurement (Cont'd)

Level 3 fair value measurements

The reconciliation of the carrying amounts of non-financial assets classified within Level 3 is as follows:

The Group	2017 RMB'000	2016 RMB'000
Property, plant and equipment		
At 1 January	68,557	146,274
Depreciation for the year	(13,332)	(26,170)
Impairment loss	(11,925)	(51,547)
At 31 December	43,300#	68,557

As at 31 December 2017, property, plant and equipment was classified within disposal group classified as held for sale (Note 16).

Fair value measurement of other financial assets and financial liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (trade and other receivables, cash and cash equivalents, balances with related parties, trade and other payables and provision) approximate their fair values because of the short period to maturity.

28 Operating segment information

For management reporting purposes, the Group is organised into reportable operating segments which are the Group's strategic business units.

A summary of the details of the operating segments is as follows:

- The trading segment relates to the business of purchases and sales of food products.
- The soybean processing segment relates to the manufacture and sales of soybean meal and soybean oil.
- The feed production segment manufactures and distributes animal feed, such as pig feed and chicken feed.
- Pig rearing segment was discontinued in prior years.
- Others comprise mainly corporate office functions and investment in shares.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

for the financial year ended 31 December 2017

The following tables present revenue, profit or loss and certain assets, liabilities and expenditure information for the Group for the years ended 31 December 2017 and 2016:

Segment revenue

28 Segment information (Cont'd)

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FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

	CONTINUING OPERATIONS						DISCONTINUED OPERATIONS									
	Trading		Others		Sub-total		Soybean processing		Feed production		Pig rearing		Sub-total		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	24,422	-	60,105	-	84,547	-	61,104	175,804	9,761	15,649	2,550	3,717	73,415	195,170	157,962	195,170
Reconciliation:																
Corporate and unallocated assets															67,408	24,292
Total assets															225,370	219,462
Segment liabilities	3,896	-	21,572	2,743	25,468	2,743	43	1,039	1,328	1,870	11,557	11,557	12,928	14,466	38,396	17,209
Reconciliation:																
Corporate and unallocated liabilities															598	-
Total liabilities															38,994	17,209
Other segment information:																
Depreciation of property, plant and equipment	-	-	-	-	-	-	13,286	26,124	46	46	-	-	13,332	26,170	13,332	26,170
Amortisation of land use rights	-	-	-	-	-	-	5,470	5,470	-	1,081	1,168	1,168	6,638	7,719	6,638	7,719
Impairment loss on property, plant and equipment	-	-	-	-	-	-	11,925	51,547	-	-	-	-	11,925	51,547	11,925	51,547
Impairment loss on land use rights	-	-	-	-	-	-	9,019	-	-	-	-	-	9,019	-	9,019	-
Legal claim	-	-	-	-	-	-	-	-	-	-	-	11,557	-	11,557	-	11,557

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 December 2017

28 Segment information (Cont'd)

Reportable segments' assets are reconciled to total assets as follows:

The Group	2017 RMB'000	2016 RMB'000
Segment assets	157,962	195,170
<u>Unallocated assets</u>		
Cash and bank balances	67,408	24,292
Total assets per consolidated financial statements	<u>225,370</u>	<u>219,462</u>

Reportable segments' liabilities are reconciled to total liabilities as follows:

The Group	2017 RMB'000	2016 RMB'000
Segment liabilities	38,396	17,209
<u>Unallocated liabilities</u>		
Current tax payable	598	-
Total liabilities per consolidated financial statements	<u>38,994</u>	<u>17,209</u>

Geographical information

The following table presents revenue and non-current assets information based on the Group's geographical segments for the years ended 31 December 2017 and 2016.

	Continued operations		Discontinued operations	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Revenue				
Mainland China	-	-	133,940	265,744
Hong Kong	34,932	-	-	-
	<u>34,932</u>	<u>-</u>	<u>133,940</u>	<u>265,744</u>

	Continued operations		Held for sale	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Non-current assets				
Mainland China	3	-	63,730	-
Hong Kong	12,742	-	-	-
	<u>12,745</u>	<u>-</u>	<u>63,730</u>	<u>-</u>

Information about major customers

During the financial year ended 31 December 2017, sales to one customer made up more than 10% of the Group's total revenue. None of the Group's sales to a single customer accounted for 10% or more of the Group's revenue during the year (2016 - Nil).

STATISTICS OF SHAREHOLDINGS

As at 30 April 2018

No. of shares issued : 157,901,384
Class of shares : Ordinary share
Voting rights : One vote per share
Subsidiary Holdings : Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	14	0.35	400	0.00
100 - 1,000	1,683	42.34	1,176,000	0.75
1,001 - 10,000	1,916	48.20	7,071,175	4.48
10,001 - 1,000,000	348	8.76	20,234,823	12.81
1,000,001 AND ABOVE	14	0.35	129,418,986	81.96
TOTAL	3,975	100.00	157,901,384	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	GOLDEN EVER INTERNATIONAL PROPERTY MANAGEMENT LIMITED	44,223,680	28.01
2	CHINESE GLORY INVESTMENTS LIMITED	22,012,442	13.94
3	PHILLIP SECURITIES PTE LTD	11,061,215	7.01
4	GU YULIN	10,000,000	6.33
5	LIU JUN	10,000,000	6.33
6	CHRISTINE MAK	9,110,513	5.77
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	8,340,300	5.28
8	TING CHENG-FA	5,804,343	3.68
9	CHAN WAI MAN	1,850,500	1.17
10	PING ZHI	1,600,400	1.01
11	FENG XIAO	1,404,000	0.89
12	LOKE YEE WOON	1,359,200	0.86
13	RAFFLES NOMINEES (PTE) LIMITED	1,328,660	0.84
14	UOB KAY HIAN PRIVATE LIMITED	1,323,733	0.84
15	GOH BEE LAN	957,300	0.61
16	NG WONG WAI LAN	845,500	0.54
17	WANG HUICHANG	814,400	0.52
18	DBS NOMINEES (PRIVATE) LIMITED	768,700	0.49
19	WEI ZHENGWEI	731,000	0.46
20	OCBC SECURITIES PRIVATE LIMITED	646,899	0.41
TOTAL		134,182,785	84.99

STATISTICS OF SHAREHOLDINGS

As at 30 April 2018

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Golden Ever International Property Management Limited	44,223,680	28.01	-	-
Chinese Glory Investments Limited	22,012,442	13.94	-	-
Song Yanan ⁽¹⁾	-	-	44,223,680	28.01
Wang Tingbao ⁽²⁾	-	-	22,212,464	14.07
David Yip Wai Sun ⁽³⁾	-	-	22,012,442	13.94
Gu Yulin	10,000,000	6.33	-	-
Liu Jun	10,000,000	6.33	-	-
Christine Mak ⁽⁴⁾	9,110,513	5.77	42,000	0.026

Notes:

- (1) Song Yanan is deemed interested in the Shares of the Company held by Golden Ever International Property Management Limited by virtue of Section 4 of the Securities and Futures Act (Chapter 289) of Singapore ("SFA").
- (2) Wang Tingbao is deemed to be interested in the Shares of the Company held by the following:
 - (i) all the Shares held by Chinese Glory Investments Limited by virtue of Section 4 of the SFA;
 - (ii) 22 Shares held under UOB Kay Hian Pte Ltd; and
 - (iii) 200,000 Shares held under Phillip Securities (HK) Ltd.
- (3) David Yip Wai Sun is deemed to be interested in the Shares of the Company held by Chinese Glory Investments Limited by virtue of Section 4 of the SFA.
- (4) Christine Mak is deemed to be interested in 42,000 Shares held under DBS Vickers (Hong Kong) Limited, as nominee of Ms Christine Mak.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information provided and to the best knowledge of the Directors, approximately 39.46% of the issued ordinary shares of the Company were held in the hands of the public as at 30 April 2018 and therefore Rule 723 of the Listing of Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **UNITED FOOD HOLDINGS LIMITED** (the “Company”) will be held at Room 502, Level 5, RELC International Hotel, 30 Orange Grove Road, Singapore 258352 on Wednesday, 30 May 2018 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the year ended 31 December 2017 together with the Auditors’ Report thereon.

(Resolution 1)

2. To re-elect the following Directors who are retiring pursuant to Bye-laws 86(1) and 85(2) of the Company’s Bye-laws:

Prof Ling Chung Yee Roy
Mr John Ng

[Retiring under Bye-law 86(1)]
[Retiring under Bye-law 85(2)]

(Resolution 2)

(Resolution 3)

Prof Ling Chung Yee Roy will, upon re-election as a Director of the Company, remain as a Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. Prof Ling Chung Yee Roy will be considered independent for the purpose of the Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

Mr John Ng will, upon re-election as a Director of the Company, remain as a Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. Mr John Ng will be considered independent for the purpose of the Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

3. To approve the payment of additional Directors’ fees of S\$20,000 for the year ended 31 December 2017.

(Resolution 4)

4. To approve the payment of Directors’ fees of S\$190,000 for the year ending 31 December 2018, to be paid quarterly in arrears (2017: S\$150,000).

(Resolution 5)

5. To re-appoint Foo Kon Tan LLP, Public Accountants and Chartered Accountants, Singapore as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at a fee and on such terms to be agreed by the Directors of the Company.

(Resolution 6)

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

7. Renewal of the General Issue Mandate

“THAT authority be and is hereby given to the Directors to:

- (a) (i) issue shares whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares;

at any time and upon such terms and conditions for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

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- (b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution was in force, provided that:
- (1) the aggregate number of shares to be issued pursuant to this Ordinary Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Ordinary Resolution) does not exceed fifty per cent (50%) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) does not exceed twenty per cent (20%) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below);
 - (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above:
 - (i) the percentage of issued share capital shall be based on the issued share capital of the Company as at the date of the passing of this Ordinary Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting as at the date of the passing of this Ordinary Resolution; and
 - (b) any subsequent consolidation or subdivision of shares;
 - (ii) in relation to an Instrument, the number of shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;
 - (3) the fifty percent (50%) limit in sub-paragraph (b)(1) above may increase to one hundred percent (100%) for issue of shares and/or Instruments by way of a renounceable rights issued where shareholders of the Company are entitled to participate in the same on a pro-rata basis ("**Enhanced Rights Issue Limit**").
 - (4) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-laws for the time being of the Company; and
 - (5) the authority conferred on the Directors of the Company pursuant to this Ordinary Resolution may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this Ordinary Resolution and expiring on the earliest of:
 - (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
 - (ii) the date on which share issues have been carried out to the full extent of the authority conferred in this Ordinary Resolution; or
 - (iii) the date on which the authority conferred in this Ordinary Resolution is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting."

(Resolution 7)

[See Explanatory Note (i)]

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By Order of the Board

Yoo Loo Ping
Chiang Wai Ming
Company Secretaries

Singapore, 14 May 2018

Explanatory Note to Resolutions to be passed –

- (i) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding (i) fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to twenty percent (20%) may be issued other than on a pro rata basis, and (ii) additional fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) issued by way of renounceable rights issue on a pro rata basis in the capital of the Company, provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed one hundred percent (100%) of the issued shares (excluding treasury shares and subsidiary holdings) from the date of the above Meeting until the date of the next Annual General Meeting.

Enhanced Rights Issue Limit

With regard to item 7(b)(3), the mandate for issue of shares pursuant to a pro-rata renounceable rights issue is subject to conditions set out in Practice Note 8.3 dated 13 March 2017. The Company will release immediate announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in its annual report. The Board is of the view that the Enhanced Rights Issue Limit is in the interests of the Company and its shareholders.

Notes

1. A depositor holding Shares through The Central Depository (Pte) Limited ("**Depositor**") who is an individual and who wishes to attend the Annual General Meeting in person need not take any further action and can attend and vote at the Annual General Meeting as The Central Depository (Pte) Limited's proxy without the lodgement of any proxy form.
2. A Depositor who is an individual but is unable to attend the Annual General Meeting personally and wishes to appoint a nominee as The Central Depository (Pte) Limited's proxy to attend and vote on his behalf, must complete, sign and return the Depositor Proxy Form and deposit the duly completed Depositor Proxy Form at the office of Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting. Similarly, a Depositor who is a corporation and who wishes to attend the Annual General Meeting must submit the Depositor Proxy Form for the appointment of nominee(s) to attend and vote at the Annual General Meeting on its behalf.
3. If a member with Shares registered in his name in the Register of Members is unable to attend the Annual General Meeting and wishes to appoint a proxy to attend and vote at the Annual General Meeting in his stead, then he should complete and sign the relevant Member Proxy Form and deposit the duly completed Member Proxy Form at the office of Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the meeting.
4. If a person who has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members is unable to attend the Annual General Meeting and wishes to be represented at the meeting, he should use the Depositor Proxy Form and the Member Proxy Form for, respectively, the Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members.
5. If the member or Depositor is a corporation, the proxy form must be executed under seal or the hand of its duly authorised officer or attorney.
6. All proxy forms must be deposited at Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the meeting.
7. A proxy need not be a member.

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PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the meeting and/or any adjournment thereof, a member of the Company or a Depositor, as the case may be (i) consents to the collection, use and disclosure of the member or Depositor's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the **"Purposes"**), (ii) warrants that where the member or a Depositor discloses the personal data of the member or Depositor's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member or Depositor has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member or Depositor will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member or Depositor's breach of warranty.



聯合食品控股有限公司
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