

UNITED FOOD HOLDINGS LIMITED

(Incorporated in Bermuda as an exempted company limited by shares)

(Company Registration No: 28925)

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

TABLE OF CONTENTS

SN	Description	Page
1	CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2
2	CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION	4
3	CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	5
4	CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS	7
5	NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	8
6	OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2	14

UNITED FOOD HOLDINGS LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE TWELVE MONTHS ENDED 31 MARCH 2022

	Group					
	3 months ended			12 months ended		
	31 March 2022	31 March 2021	Change	31 March 2022	31 March 2021	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	55,207	1,591	3370.0	59,267	9,713	510.2
Cost of sales	(50,211)	(1,283)	3813.6	(54,207)	(8,397)	545.6
Gross profit	4,996	308	1522.1	5,060	1,316	284.5
Other income, net	6	17,808	(100.0)	125	17,839	(99.3)
Selling and distribution costs	(7)	(198)	(96.5)	(148)	(856)	(82.7)
Administrative expenses	(1,521)	(14,671)	(89.6)	(5,901)	(20,009)	(70.5)
Finance expenses	(91)	(72)	26.4	(1,185)	(1,130)	4.9
Other expenses, net	-	(67,638)	N/M	(2)	(67,657)	(100.0)
Profit/(loss) before tax	3,383	(64,463)	N/M	(2,051)	(70,497)	(97.1)
Income tax expenses	-	2,556	N/M	-	2,556	N/M
Profit/(loss) for the period	3,383	(61,907)	N/M	(2,051)	(67,941)	(97.0)
Attributable to :						
Owners of the Company	2,533	(51,445)	N/M	(2,375)	(57,023)	(95.8)
Non-controlling interest	850	(10,462)	N/M	324	(10,918)	(97.0)

Note: N/A - Not applicable

N/M – Not meaningful

UNITED FOOD HOLDINGS LIMITED

	Group					
	3 months ended			12 months ended		
	31 March 2022	31 March 2021	Change	31 March 2022	31 March 2021	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Profit/(loss) for the period	3,383	(61,907)	N/M	(2,051)	(67,941)	(97.0)
Other comprehensive income/(loss)						
Exchange differences on translation of financial statements of foreign operation	(182)	321	N/M	(1,003)	(3,248)	(69.1)
Total comprehensive profit/(loss) for the period	3,201	(61,586)	N/M	(3,054)	(71,189)	(95.7)
Attributable to :						
Owners of the Company	2,329	(51,314)	N/M	(3,485)	(60,502)	(94.2)
Non-controlling interest	872	(10,272)	N/M	431	(10,687)	N/M
The Group's profit before tax is arrived at after charging:						
	Group					
	3 months ended			12 months ended		
	31 March 2022	31 March 2021	Change	31 March 2022	31 March 2021	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Depreciation of plant and equipment	225	(1,098)	N/M	901	486	85.4
Depreciation of right of use asset	286	418	(31.6)	1,146	418	174.2
Amortisation of intangible assets	-	6,924	N/M	-	7,150	N/M
(Reversal)/Impairment loss on property, plant and equipment	-	(14,555)	N/M	-	(14,555)	N/M
Impairment loss on patents	-	57,357	N/M	-	57,357	N/M
Impairment loss on goodwill	-	9,693	N/M	-	9,693	N/M
Finance cost	91	72	26.4	1,185	1,130	4.9

UNITED FOOD HOLDINGS LIMITED

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION FOR THE TWELVE MONTHS AS AT 31 MARCH 2022

	Group		Company	
	31/3/2022	31/3/2021	31/3/2022	31/3/2021
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Investment in subsidiary	-	-	9	9
Property, plant and equipment	1,726	2,627	-	-
Right-of-use assets	21,272	22,418	-	-
Intangible asset - patents	-	-	-	-
Goodwill	3,049	3,049	-	-
	<u>26,047</u>	<u>28,094</u>	<u>9</u>	<u>9</u>
Current assets				
Inventories	1,829	2,320	-	-
Trade and other receivables	143,246	136,718	103	107
Amount due from subsidiaries	-	-	109,377	115,015
Cash and cash equivalents	4,838	20,621	810	786
	<u>149,913</u>	<u>159,659</u>	<u>110,290</u>	<u>115,908</u>
Total assets	<u>175,960</u>	<u>187,753</u>	<u>110,299</u>	<u>115,917</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Issued capital	18,685	18,685	18,685	18,685
Reserves	105,396	108,881	79,005	82,932
Equity attributable to owners of the company	124,081	127,566	97,690	101,617
Non-controlling interest	(2,796)	(3,227)	-	-
	<u>121,285</u>	<u>124,339</u>	<u>97,690</u>	<u>101,617</u>
LIABILITIES				
Current liabilities				
Trade and other payables	42,387	52,982	443	1,621
Amounts due to subsidiaries	-	-	12,166	12,679
Current tax payable	2,298	442	-	-
Borrowings	9,990	9,990	-	-
Contingent considerations	-	-	-	-
	<u>54,675</u>	<u>63,414</u>	<u>12,609</u>	<u>14,300</u>
Non-current liabilities				
Deferred tax liabilities	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity and liabilities	<u>175,960</u>	<u>187,753</u>	<u>110,299</u>	<u>115,917</u>

UNITED FOOD HOLDINGS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE MONTHS ENDED 31 MARCH 2022

Group	Issued capital	Share premium	Contributed surplus	Accumulated losses	Exchange translation reserve	Capital redemption reserve	Non-controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 April 2021	18,685	58,276	397,141	(346,262)	(3,256)	2,982	(3,227)	124,339
Transactions with the owners recognised directly in equity								
Issue of new shares	-	-	-	-	-	-	-	-
Acquisitions of subsidiaries	-	-	-	-	-	-	-	-
Total transactions with the owners recognised directly in equity	-	-	-	-	-	-	-	-
Total comprehensive income for the period								
Profit/(loss) for the period	-	-	-	(2,375)	-	-	324	(2,051)
Exchange differences on translation of financial statements of foreign operation	-	-	-	-	(1,110)	-	107	(1,003)
Total comprehensive profit/(loss) for the period	-	-	-	(2,375)	(1,110)	-	431	(3,054)
Balance at 31 March 2022	18,685	58,276	397,141	(348,637)	(4,366)	2,982	(2,796)	121,285
Group								
	Issued capital	Share premium	Contributed surplus	Accumulated losses	Exchange translation reserve	Capital redemption reserve	Non-controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 April 2020	18,685	58,276	397,141	(289,239)	223	2,982	7,460	195,528
Transactions with the owners recognised directly in equity								
Issue of new shares	-	-	-	-	-	-	-	-
Acquisitions of subsidiaries	-	-	-	-	-	-	-	-
Total transactions with the owners recognised directly in equity	-	-	-	-	-	-	-	-
Total comprehensive income for the period								
Profit/(Loss) for the period	-	-	-	(57,023)	-	-	(10,918)	(67,941)
Exchange differences on translation of financial statements of foreign operation	-	-	-	-	(3,479)	-	231	(3,248)
Total comprehensive loss for the period	-	-	-	(57,023)	(3,479)	-	(10,687)	(71,189)
Balance at 31 March 2021	18,685	58,276	397,141	(346,262)	(3,256)	2,982	(3,227)	124,339

UNITED FOOD HOLDINGS LIMITED

Company								
	Issued capital	Share premium	Contributed surplus	Accumulated losses	Exchange translation reserve	Capital redemption reserve	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 April 2021	18,685	58,276	397,141	(371,415)	(4,052)	2,982	101,617	
Transactions with the owners recognised directly in equity								
Issue of new shares	-	-	-	-	-	-	-	-
Acquisitions of subsidiaries	-	-	-	-	-	-	-	-
Total transactions with the owners recognised directly in equity	-	-	-	-	-	-	-	-
Total comprehensive income for the period								
Loss for the period	-	-	-	(2,851)	-	-	(2,851)	
Exchange differences on translation of financial statements of foreign operation	-	-	-	-	(1,076)	-	(1,076)	
Total comprehensive income for the period	-	-	-	(2,851)	(1,076)	-	(3,927)	
Balance at 31 March 2022	18,685	58,276	397,141	(374,266)	(5,128)	2,982	97,690	
								-
Company								
	Issued capital	Share premium	Contributed surplus	Accumulated losses	Exchange translation reserve	Capital redemption reserve	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 April 2020	18,685	58,276	397,141	(368,110)	(472)	2,982	108,502	
Transactions with the owners recognised directly in equity								
Issue of new shares	-	-	-	-	-	-	-	-
Acquisitions of subsidiaries	-	-	-	-	-	-	-	-
Total transactions with the owners recognised directly in equity	-	-	-	-	-	-	-	-
Total comprehensive income for the period								
Profit for the period	-	-	-	(3,305)	-	-	(3,305)	
Exchange differences on translation of financial statements of foreign operation	-	-	-	-	(3,580)	-	(3,580)	
Total comprehensive loss for the period	-	-	-	(3,305)	(3,580)	-	(6,885)	
Balance at 31 March 2021	18,685	58,276	397,141	(371,415)	(4,052)	2,982	101,617	

UNITED FOOD HOLDINGS LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED 31 MARCH 2022

	Group	
	12 months ended	
	31 March 2022	31 March 2021
	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	(2,051)	(70,497)
Adjustments for:		
Amortisation of land use rights and intangible assets - patents	-	7,150
Depreciation of plant and equipment	901	486
Depreciation of right of use assets	1,146	418
(Reversal)/Impairment loss on property, plant and equipment	-	(14,555)
Impairment loss on patents	-	57,357
Impairment loss on goodwill	-	9,693
Translation difference	(1,145)	(1,746)
Impairment loss on inventory	-	591
Fair value changes on contingent consideration	-	(688)
Finance cost	1,185	1,130
Bank interest income	(12)	(35)
Cash flow used in operating activities before working capital changes	24	(10,696)
Change in inventories	491	(1,391)
Change in trade and other receivables	8,614	(50,915)
Change in trade and other payables	(5,782)	4,794
Cash used in operations	3,347	(58,208)
Tax paid	-	(76)
Net cash (used in) / generated from operating activities	3,347	(58,284)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received for disposal of a subsidiary	-	15,000
Deposit for potential business acquisitions	(50,000)	
Refund of deposit from potential business acquisitions	35,000	40,000
Cash received from or used for short-term investment	-	-
Interest received	12	35
Net cash generated from / (used in) investing activities	(14,988)	55,035
CASH FLOW FROM FINANCING ACTIVITIES		
Advance from (Repayment to) a shareholder	(2,957)	(1,959)
Repayment of bank loan - principal	-	(10)
Repayment of bank loan - interest	(1,185)	(1,130)
Net cash (used in) / generated from financing activities	(4,142)	(3,099)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(15,783)	(6,348)
Exchange differences	-	(171)
Cash and cash equivalents at the beginning of period	20,621	27,140
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	4,838	20,621

UNITED FOOD HOLDINGS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. Corporate information

United Food Holdings Limited (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 place of business of the Group is located at 16F The Hong Kong Club Building, 3A Chater Road Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are that of investment holding, trading of food products, additive related and animal feed/traditional medicine segment including L-Ascorbyl Palmitate or anti-oxidant manufactory machineries related selling.

These condensed interim financial statements as at and for the twelve months ended 31 March 2022 relate to the Company and its subsidiaries (collectively, the “Group”).

2. Summary of significant accounting policies

These condensed interim consolidated financial statements for the twelve months ended 31 March 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore.

The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 March 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The financial statements are presented in RMB and all values are rounded to the nearest thousand (\$’000), except when otherwise indicated.

2.1 New and amended standards adopted by the Group

There are no new standards, amendments to standards and interpretations effective for annual periods beginning on or after 1 April 2021, which will result in significant impact on the condensed interim financial statements of the Group.

2.2 Use of estimates and judgments

In preparing the condensed interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as described in the last annual financial statements as at and for the year ended 31 March 2021.

2.3 Auditor’s review

The condensed financial statements presented have not been audited or reviewed by the Company’s auditor.

UNITED FOOD HOLDINGS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CON'T)

3. Seasonality of operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors considers the business from a business segment perspective. Management manages and monitors the business in the three primary business segments: trading, additive related, animal feed/traditional medicine business.

	Trading	Additive related	Animal feed/ traditional medicine	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000
For the twelve months ended 31 March 2022				
Revenue				
Segment revenue to external parties	-	59,197	70	59,267
Segment gross profit/(loss)	-	5,091	-31	5,060
For the twelve months ended 31 March 2021				
Revenue				
Segment revenue to external parties	-	9,705	8	9,713
Segment gross profit/(loss)	-	1,416	-100	1,316

(a) Reconciliation

A reconciliation of segment gross profit/(loss) to net profit/(loss) is as follows,	For the twelve months ended 31 March 2022	For the twelve months ended 31 March 2021
	RMB'000	RMB'000
Segment gross profit/(loss) for reportable segments	5,060	1,316
Other income, net	125	17,839
Selling and distribution costs	(148)	(856)
Administrative expenses	(5,901)	(20,009)
Finance expenses	(1,185)	(1,130)
Other expenses, net	(2)	(67,657)
Profit/(loss) before tax	(2,051)	(70,497)
Income tax expenses	-	2,556
Net profit/(loss) for the period	(2,051)	(67,941)

UNITED FOOD HOLDINGS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CON'T)

4. Segment and revenue information (con't)

(b) Geographical information

	Trading	Additive related	Animal feed/ traditional medicine	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000
For the twelve months ended 31 March 2022				
Geographical information:				
Mainland China	-	59,197	70	59,267
Hong Kong	-	-	-	-
	-	59,197	70	59,267
For the twelve months ended 31 March 2021				
Geographical information:				
Mainland China	-	9,705	8	9,713
Hong Kong	-	-	-	-
	-	9,705	8	9,713

The Group's property, plant and equipment are located mainly in China as at 31 March 2022.

UNITED FOOD HOLDINGS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CON'T)

5. Profit/(loss) before tax

	Group					
	3 months ended			12 months ended		
	31 March 2022	31 March 2021	Change	31 March 2022	31 March 2021	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Profit/(loss) for the period	3,383	(61,907)	N/M	(2,051)	(67,941)	(97.0)
Other comprehensive income/(loss)						
Exchange differences on translation of financial statements of foreign operation	(182)	321	N/M	(1,003)	(3,248)	(69.1)
Total comprehensive profit/(loss) for the period	<u>3,201</u>	<u>(61,586)</u>	N/M	<u>(3,054)</u>	<u>(71,189)</u>	(95.7)
Attributable to :						
Owners of the Company	<u>2,329</u>	<u>(51,314)</u>	N/M	<u>(3,485)</u>	<u>(60,502)</u>	(94.2)
Non-controlling interest	<u>872</u>	<u>(10,272)</u>	N/M	<u>431</u>	<u>(10,687)</u>	N/M
The Group's profit before tax is arrived at after charging:						
	Group					
	3 months ended			12 months ended		
	31 March 2022	31 March 2021	Change	31 March 2022	31 March 2021	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Depreciation of plant and equipment	225	(1,098)	N/M	901	486	85.4
Depreciation of right of use asset	286	418	(31.6)	1,146	418	174.2
Amortisation of intangible assets	-	6,924	N/M	-	7,150	N/M
(Reversal)/Impairment loss on property, plant and equipment	-	(14,555)	N/M	-	(14,555)	N/M
Impairment loss on patents	-	57,357	N/M	-	57,357	N/M
Impairment loss on goodwill	-	9,693	N/M	-	9,693	N/M
Finance cost	<u>91</u>	<u>72</u>	26.4	<u>1,185</u>	<u>1,130</u>	4.9

6. Taxation

The Group's calculation on the period income tax expense using tax rate that would be applicable to the expected total annual earnings, the major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group			
	3 months ended		12 months ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	RMB	RMB	RMB	RMB
Current income tax expenses	-	2,556	-	2,556

UNITED FOOD HOLDINGS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CON'T)

7. Earnings per share

	Group			
	3 months ended		12 months ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	RMB	RMB	RMB	RMB
PROFIT/(LOSS) PER ORDINARY SHARE				
(i) Based on weighted average number of ordinary shares in issue				
- For profit (loss) for the period	0.01	(0.27)	(0.01)	(0.30)
- For profit (loss) from continuing operations for the period	0.01	(0.27)	(0.01)	(0.30)
(ii) On a fully diluted basis				
- For profit (loss) for the period	0.01	(0.23)	(0.01)	(0.25)
- For profit (loss) from continuing operations for the period	0.01	(0.23)	(0.01)	(0.25)

8. Property, Plant and Equipment (“PPE”)

As at 31 March 2022, the Group’s PPE amounts to RMB1.73 million.

9. Borrowings

Amount repayable in one year or less

Group			
As at 31/3/2022		As at 31/3/2021	
Secured	Unsecured	Secured	Unsecured
RMB’000	RMB’000	RMB’000	RMB’000
9,990	133	9,990	3,090

The bank loan of RMB 9.99 million is secured by a charge on certain land use rights and building.

The unsecured balance of RMB0.13 million is the balance in other payables to a shareholder.

10. Share Capital

	Number of ordinary shares '000	Amount HK\$000
Group and Company		
Beginning and end of financial period 2022	187,902	18,790
Beginning and end of financial period 2021	187,902	18,790

There is no change in the Company’s share capital during the period ended 31 March 2022. The Company does not hold any treasury shares as at 31 March 2022 and 31 March 2021. The Company does not have any shares that issued on conversion of any outstanding convertibles as at 31 March 2022 and 31 March 2021.

UNITED FOOD HOLDINGS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CON'T)

11. Net Asset Value

	Group		Company	
	31/3/2022	31/3/2021	31/3/2022	31/3/2021
	RMB	RMB	RMB	RMB
NET ASSETS VALUE PER ORDINARY SHARE				
Net asset backing per ordinary share based on existing issued share capital as at the end of the period report on	0.66	0.68	0.52	0.54

12. Financial assets and financial liabilities

	Group		Company	
	3 months ended		12 months ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	RMB	RMB	RMB	RMB
Financial assets				
Trade and other receivables	143,246	136,718	103	107
Amount due from subsidiaries	-	-	109,377	115,015
Cash and cash equivalents	4,838	20,621	810	786
Total undiscounted financial assets	148,084	157,339	110,290	115,908
Financial liabilities				
Trade and other payables	42,387	52,982	443	1,621
Amounts due to subsidiaries	-	-	12,166	12,679
Current tax payable	2,298	442	-	-
Borrowings	9,990	9,990	-	-
Total undiscounted financial liabilities	54,675	63,414	12,609	14,300

13. Related party transactions

The Group does not have any related party transaction during this period.

14. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

The Company has engaged KPMG Services Pte. Ltd. to perform the special audit and the Company is working towards completing the special audit by 30 July 2022.

UNITED FOOD HOLDINGS LIMITED

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (Con't)

- a. **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed.

- b. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

- a) Updates on the efforts taken to resolve each outstanding audit issue.

The auditors had issued a Disclaimer of Opinion due to its inability to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements for FY2021. Full details of the Disclaimer of Opinion were released on 6 September 2021 to SGX-ST via SGXNet.

1. Impairment assessment of non-financial assets
i. Reliability of the key assumption to the Forecast

Ascent Partners has confirmed that the valuation was performed with reference to International Valuation Standard (“**IVS**”).

According to Ascent Partners’ understanding, the historical data (financial performance of the valuation targets) provided by the Company have been audited, and hence, Ascent Partners believed that those data have gone through professional processes so that they were from reliable sources to be incorporated in the valuation task, which is consistent with the requirement in IVS.

For the key assumptions and forecast provided by the management, Ascent Partners have made the appropriateness assessment as follows:

- i. Ascent Partners have made enquiry to the Management about the expected date of the resumption of gas supply, and request for any related supporting documents after noting the gas supply issue. In response to Ascent Partners’ enquiry, the Management provided the correspondence documents regarding the subject matter of the gas pipeline to the local authority, and the official public notice by the local authority with the expected date of the gas supply resumption. Such evidence was believed to be sufficient for the valuation task;
- ii. Ascent Partners have checked, reviewed and discussed the valuation forecast provided by the Management together with their business plan, product plan and consideration in the demand and supply under the COVID-19 situations. It was noted that the impacts regarding the lack of gas supply and the pandemic have been taken into consideration in the forecast, with the observations of low projected production outputs in the first forecast year and gradually increase in production outputs in the subsequent years;
- iii. Ascent Partners have reviewed the production forecast and found out that the outputs were within the max production capacity;
- iv. Ascent Partners have noted that the net profit margins of the financial forecast in CDPR were within a reasonable range as compared to net profit margins of the comparable guideline companies;
- v. Ascent Partners have made enquiry to the Management after noting the projected profit margins of HBXR were higher than those of comparable guideline companies, and have got confirmation from the Management that the unique features of the product have put them in good competitive advantages resulting in higher net profit margins; and
- vi. Ascent Partners have evaluated the risks and challenges of the Management to meet the financial projections as a result of the uncertainties faced by the Company included but not limited to the gas supply and COVID-19 factors, and as a result, Ascent Partners have applied a company specific risk

UNITED FOOD HOLDINGS LIMITED

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (Con't)

premium to the discount rates in the Value in Use (“VIU”) valuation of both CDPR and HBXR to account for such uncertainties.

The Company will engage another qualified valuer for the FY2022 audit.

ii. Veracity of HBXR transactions

The Company has appointed KPMG Services Pte. Ltd. (“KPMG”) as special auditor following the approval obtained from SGX-ST for the aforesaid appointment on 14 December 2021. The special audit is currently in progress.

2. Deferred tax liabilities

Management will be evaluating the carrying amounts of the deferred tax liabilities during the audit process for the year ending 31 March 2022.

3. Valuation of contingent consideration for acquisition of subsidiaries

Management has communicated with the valuer and confirmed that the valuer has taken a conservative approach in valuation. Although the valuer had taken a conservative approach, the uncertainty relates to the resumption of the supply of natural gas, which may or may not affect the audit disclaimer.

4. Recoverability of financial assets

i. Recoverability of deposit paid of RMB35.0 million to Shenzhen Sharehome Technology Co., Ltd. (“SST”)

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

To safeguard the Company’s interests, Ms Song Yanan, the Group’s Chairwoman and controlling shareholder has undertaken to recover the security deposit of RMB35 million from SST and/or to personally guarantee the repayment of the security deposit to the Company.

ii. Recoverability of advances paid

The delivery of LAP equipment to 惠州市康维健生物科技有限公司 Kangweijian was completed in the first quarter of 2022. The Company expects partial payment from Kangweijian as and when the various LAP equipment is delivered.

As of 31 March 2022, the Company has received a payment of RMB 12 million. The Company expects to receive at least RMB0.5 million in August 2022.

5. Veracity, existence and completeness of bank balances

Management has provided to the Board and the Audit Committee a notarized declaration in China dated 14 October 2020 by its employees that they had obtained directly from the bank the above bank statements. In addition, the Board and the Audit Committee have noted that these local or rural bank accounts had been closed and are now opened with a state-owned bank, China Construction Bank, which showed an account balance of RMB 24.0million based on the bank statement with that bank as at 27 July 2020.

The Company has appointed KPMG Services Pte. Ltd. (“KPMG”) as special auditor following the approval obtained from SGX-ST for the aforesaid appointment on 14 December 2021. The special audit is currently in progress.

UNITED FOOD HOLDINGS LIMITED

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (Con't)

6. Impairment of goodwill

Management is in the process of appointing a new professional valuer to assess the recoverable amount of goodwill together with the expected resumption of Really Time Trading Limited (“RTTL”)’s trading operations in due course.

7. Impairment of trade receivables

RTTL is actively making efforts to collect the outstanding receivables and has recovered more than HKD9.45 million as of 31 March 2022. RTTL has started to seek legal recourse against RTTL customers for payment based on the purchase contracts.

As of to date, the Company has received HKD2.40 million.

The Company expects to recover the remaining bulk outstanding receivables from Shenzhen Huipusen Logistics Supply Chain Co., Ltd by December 2022.

8. Impairment of amounts due from subsidiaries

Management is working closely on the Group’s business activities and will reassess the impairment assessment on the amount due by subsidiaries closer at year end.

9. Going concern

As stated in Note 2(a) to the financial statements 31 March 2021, the Group reported a net loss of RMB 67.9 million (2020: RMB 96.2 million) for the financial year ended 31 March 2021 and recorded a cash outflow from operating activities of RMB 58.3 million (2020: RMB 18.9 million). This indicates 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, the management believes that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 March 2021 is appropriate after taking into consideration the following factors:

- As at 31 March 2021, the Group has net current assets of RMB 96.2 million (2020: RMB119.2 million) and net assets of RMB 124.3 million (2020: RMB 195.5 million), including cash and cash equivalents of RMB 20.6 million (2020: RMB 27.1 million);
- Cash flow forecast was prepared for the next 12 months after year end which showed that sufficient cash flows will be generated from operations to pay liabilities when they are due based on the assumptions made by management;
- Management expects the monies to be collected from the trade receivables and the return of the deposits paid for potential business acquisitions in the event there is no acquisition of the potential investee as well as the timely supply and installation of goods and services by the new supplier, Zhongfan, as disclosed in Note 16 to the financial statements; and
- The Group’s Chairwoman and controlling shareholder, Ms Song Yanan, has on 18 July 2021, indicated her intention to the Board to support the Group’s working capital requirements for the next 12 months after the reporting date.

The Company would endeavor to continue addressing the outstanding audit matters. Further, the Group’s Chairwoman and controlling shareholder, Ms Song Yanan has indicated her willingness to the Board to continue supporting the Group’s working capital requirement for the next 24 months.

UNITED FOOD HOLDINGS LIMITED

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (Con't)

- b) Confirmation from the Board that the impact of all outstanding audit issues in the financial statements have been adequately disclosed.

The Board confirmed that the impact of all outstanding audit issues in the financial statements have been adequately disclosed.

- c. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Condensed Interim Consolidated Statement of Comprehensive Income

Revenue

The Group recorded revenue of RMB55.2 million in the Fourth quarter ended 31 March 2022 ("4Q2022") compared to RMB1.6 million in 4Q2021, representing an increase of 3,370%. The revenue of RMB55.2 million was mainly from the Group's Additives Related Segment in relation to the technical consultancy services and LAP equipment.

The Group recorded revenue of RMB59.3 million for the year ended 31 March 2022 ("FY2022") compared to RMB9.7 million in FY2021, representing an increase of 510% mainly from the Group's Additives Related Segment in relation to the technical consultancy services and LAP equipment.

Gross profit

The Group recorded a gross loss margin of 9.05% for the continuing operations in 4Q2022 which was mainly contributed by Additive Related Segment.

The Group recorded a gross profit margin of 8.54% for the continuing operations in FY2022 which was mainly contributed by Additive Related Segment.

Other income

Other income of RMB125,000 was recorded in FY2022 comprised mainly interest income and tax refund from Really Time Trading Limited, as compared to RMB17.8 million in FY2021 resulting from a reversal of impairment loss.

Administrative expenses

Administrative expenses of RMB5.9 million were recorded in FY2022 compared to RMB20.0 million in FY2021, representing a decrease of 70.5%.

Condensed Interim Statements of Financial Position

PPE, land use rights, intangible assets-patents

The decrease in PPE, land use rights and intangible assets was mainly attributable to depreciation and amortization charges, were derived based on the closing balance of the audited financial statements as of 31 March 2021.

Goodwill

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

Goodwill of RMB3.0 million was derived based on the closing balance of the audited financial statements as of 31 March 2021.

UNITED FOOD HOLDINGS LIMITED

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (Con't)

Trade and other receivables.

Trade receivables were mainly the receivables of Really Time Trading Limited and HBXR.

Other receivables include deposits paid to the vendors of potential acquisition projects amounting to RMB85.0 million, which will become part of the consideration after the completion of the acquisitions and/or refundable after the cancellation of the acquisitions.

The details of trade and other receivables as at 31 March 2022 were as follows:

Trade and other receivables	Amount (RMB)	Amount received as of 28 July 2022 (RMB)
HBXR's trade receivables-康维健	47,543,000	-
Really time's trade receivables	4,884,000	2,061,120
Sundry trade receivables	194,000	-
SST	85,000,000	-
CDPR's other receivables	2,336,000	-
HBXR's other receivables	1,534,000	-
Sundry other receivables	1,755,000	-
Total	143,246,000	

Non-controlling interest.

Non-controlling interest comprises minority shareholder interests from Really Time Trading Limited, HBXR, CDPR and Benchmark.

Trade and other payables

The trade payables were mainly from trading segment and other payables were mainly the other payables from subsidiaries of the acquisition of HBXR, CDPR. Also included in other payable was a cash purchase consideration from acquisition of new subsidiaries of RMB10 million which have not been paid as at 31 March 2022.

The details of trade and other payables as at 31 March 2022 were as follows:

Trade and other payables	Amount (RMB)	Nature of underlying transactions
Really time's trade payables	6,272,000	Operation
Hebei project's trade payables	2,673,000	Operation
Sundry trade payables	30,000	Operation
Shareholder's loan	133,000	Operation
Hebei Acquisition payables	10,000,000	Operation
CDPR's other payables	10,807,000	Operation
HBXR's other payables	8,176,000	Operation
YR's other payables	1,030,000	Operation
Sundry other payables	3,266,000	Operation
Total	42,387,000	

Contingent considerations

Contingent considerations arose from the Acquisition which was completed in September 2018. The contingent consideration comprises the convertible bond to be issued which is contingent on the profit guarantee of the vendors. The contingent consideration is classified as financial liability measured at fair value, changes in fair value is recognized in profit and loss. In view of the unexpected COVID 19 outbreak, profit guarantee of the vendors for FY2022 might not be met.

UNITED FOOD HOLDINGS LIMITED

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (Con't)

No Bonds have been issued as of to date as the amount of Bonds to be issued varies or depends on the amount of profits that are generated by CDPR, HBXR and Benchmark under the profits warranty given by the vendors in the Sales and Purchase Agreement.

Cash flow statement

Net cash flow of RMB15.8 million was used in FY2022, in which net cash of RMB3.3 million was generated in operating activities, net cash of RMB15.0 million was used in investing activities, and net cash of RMB4.1 million was used from financing activities.

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

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

e. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The prolonged COVID-19 outbreak has significant adverse impact on the Group's Trading Segment businesses and the Company has suspended this business segment since end of 2019.

The natural gas supply is required for the production of L-Ascorbyl Palmitate products. The Company did not expect the prolonged delay in the natural gas supply from the local government. The Company had tried to use portable supply of natural gas for interim production but found this to be not cost effective and the supply to be uncertain in local district. The Company has yet to receive any formal notification of the resumption in natural gas supply as of March 2022. The Company attempted to reach out for the government agencies for an update but to no avail and there was no development on the natural gas supply as of July 2022. The Company will continue to monitor and update shareholders when appropriate. In the meantime, the Company is also evaluating business options on HBXR, CDPR and Really Time Trading Limited.

The Company has commenced due diligence exercise in relation to the acquisition of SST and will update shareholders in due course. The aforesaid due diligence exercise is ongoing as the appointed auditors have extended the audit scope and the valuer is also re-assessing real estate elements due to the recent change in properties valuation and PRC commercial environment.

f. Dividends

(i) Current financial period reported on

Any dividend declared for the current financial period reported on?

No.

(ii) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(iii) Date payable

Not applicable.

UNITED FOOD HOLDINGS LIMITED

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (Con't)

(iv) **Books closure date**

Not applicable.

g. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared (recommended) for the period ended 31 March 2022 as the Company is in an accumulated loss position and the available cash is required for working capital.

h. Interested person transaction disclosure

The Company does not have any Interested Person Transaction.

i. Confirmation pursuant to Rule 720(1) of the listing manual

The Board of Directors of United Food Holdings Limited hereby confirms that the undertakings from all its Directors and Executive Officers as required in the format as set out under Rule 720(1) of the Listing Manual were procured.

ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

j. In the review of performance, the factors leading to any material changes in contribution to turnover and earnings by the business or geographical segments.

Please refer to item c.

k. Analysis of Sales:

	31 March 2022 RMB'000	31 March 2021 RMB'000	% increase/ (decrease)
(a) Sales reported for first half year	805	778	3.5
(b) Operating profit/ loss after tax before deducting non-controlling interests reported for first half year	-4,294	-4,573	(6.10)
(c) Sales reported for second half year	58,462	8,935	554.30
(d) Operating profit/ loss after tax before deducting non-controlling interests reported for second half year	2,243	-63,368	N/M

UNITED FOOD HOLDINGS LIMITED

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (Con't)

- l. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

- m. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director, CEO, or substantial shareholder of the issuer pursuant to the Rule 704(13) of the Listing Manual in the format below.**

Pursuant to Rule 704(13) of the Listing Manual of SGX-ST, the Group would like to confirm that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial shareholder of the Company

BY ORDER OF THE BOARD
UNITED FOOD HOLDINGS LIMITED

Wu Xiaoran
Executive Director
30 July 2022