UNITED FOOD HOLDINGS LIMITED
(Incorporated in Bermuda as an exempted company limited by shares)
(Company Registration No. 28925)

RESPONSES TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED IN RELATION TO THE SECOND QUARTER RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

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*Unless otherwise specified, all capitalised terms used herein shall have the meanings ascribed to them in the announcement made by United Food Holdings Limited on 9 January 2025 with respect to the Second Quarter Results for the financial period ended 30 September 2024 (the "**Announcement**").*

The board of directors (the "**Board**") of United Food Holdings Limited (the "**Company**", and collectively with its subsidiaries, the "**Group**") wishes to provide its responses to the following queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") with respect to the Second Quarter Results for the financial period ended 30 September 2024 (the "**Financial Results" or "2Q FY2025 Results**"):-

SGX-ST Query 1

In relation to the Company's proposed disposal of its entire equity interest in Chengdu Purun Shengwu Zhiyao Co., Ltd. ("CDPR"), Hebei Xingrun Shengwu Keji Gufen Co., Ltd. ("HBXR") and Benchmark Trade Limited ("BM") (collectively as "Targets") ("Disposal"), it was disclosed on 30 May 2023 that the Company had entered into a Deed of Termination with the original vendors / sellers of CDPR, HBXR and BM ("Vendors") ("Termination 1") in relation to the sale and purchase agreement for the acquisition of 80% interest in CDPR, HBXR and BM ("SPA"); following which and the refund of deposit by the Vendors, the Targets will cease to be subsidiaries of the Company with immediate effect. On 27 June 2024, it was disclosed that the Company had terminated the Termination 1 agreement and entered into another agreement on termination of the SPA with the same Vendors on 14 June 2024 ("Termination 2") with revised payment terms, among others; in connection, the Company had received RMB 3 million on 21 June 2024. Conversely, it was further disclosed on 9 and 20 January 2025 that the Company has classified CDPR, HBXR and BM as "discontinued operations" because it recognises these assets as assets held for sale since the Company has already identified potential buyer and negotiating the term of disposal, where the sale would be highly probable.

(i) Noting that the Company had announced the legal completion of the SPA on 27 November 2018 where the Targets are subsidiaries of the Group with effect therefrom, please explain the legal and financial effects of the Termination 1 and Termination 2 agreements.

Company's response:

The completion of both Termination 1 and Termination 2 agreements (the "Agreements") are

subjected to full payment of RMB 25 million from Vendors. However the Company has not yet received full payment from Vendors up to date, the Agreements are not completely executed. While the Targets are still subsidiaries of the Group up to date.

(ii) It is noted that despite the signing of Termination 1 in May 2023, the Company had not classified the Targets as "discontinued operations" in their financial statements for FY 2024. Please explain why.

Company's response:

When the Company prepared the financial statements for FY 2024, the Termination 1 agreement is not completely executed, the Targets are still subsidiaries of the Group. The Company has not yet concluded the disposal plan of the Targets if the Termination 1 agreement cannot be completely executed, therefore the Company had not classified the Targets as "discontinued operations" in financial statements for FY 2024.

(iii) With regards to Termination 2 agreement, please explain why the Company had not sought shareholders' approval to-date despite receiving the first payment of RMB 3 million more than 6 months ago. To also disclose the present status and progress for Termination 2 agreement.

Company's response:

Since the Company has not yet received RMB 22 million on 31 January 2025 in accordance with payment term stated in Termination 2 agreement, which is not completely executed. The Company will further negotiate with Vendors. Once the Company and Vendors has made further agreement, the Company will disclose agreement details and seek for shareholders' approval.

(iv) In the Company's 1Q2025 Results ended 30 June 2024, the Company classified the Targets as "discontinued operations" as the Company is "negotiating the term of disposal, where the sale would be highly probable". Please explain:

(a) Why the Company is now able to classify the Targets as "discontinued operations" when it is only negotiating the terms of the disposal and has not signed any agreements while it did not classify the Targets as "discontinued operations" after it had signed the two previous termination agreements, Termination 1 and Termination 2. Please provide the views of the Audit Committee ("AC") confirming whether the Company had complied with the accounting standards in the preparation of its financial statements.

Company's response:

The Company has entered into Termination 1 argeement with Vendors during 2023, and the completion of Termination 1 agreement is conditional upon the full payment of RMB 25 million from Vendors. Since the Company does not ensure that the Termination 1 agreement can be completed, and the Company has not yet concluded the disposal plan of the Targets if the Termination 1 agreement cannot be completely executed, therefore the Company had not classified the Targets as "discontinued operations" in financial

statements for FY 2024. After entering into Termination 2 agreement, the Company concluded that the Targets are ready for immediate sale to potential buyer in its present condition no matter Termination 2 agreement can be completed and therefore classifies as discontinued operation.

View of Audit Committee:

Mr. Zhao Ling – Agreed with the above statements and confirmed that the Company had complied with the accounting standards in the preparation of its financial statements.
Mr. Chng and Prof Ling – The Company has yet to appoint an external auditor, and external internal audtitor, qualified legal counsel, or a corporate secretary. As a result, Mr. Chng and Prof Ling (collectively, the "2 IDs") have expressed reservations regarding the accuracy and reliability of the Company's financial statements.

(b) Please clarify whether the "potential buyer" that the Company had identified and currently negotiating for the terms of the disposal refer to the same Vendors in the Termination 2 agreement. If so, please explain in detail (i) why the Company is negotiating the terms of disposal when there was no breaches or non-fulfilment of obligations under the Termination 2 agreement being announced and/or the reasons for the delay in finalizing the terms of the disposal and (ii) the factors taken into consideration in the Company's assessment that the sale is highly probable despite the protracted delays in finalizing the Termination agreements with the same Vendors since 30 May 2023. Otherwise, please disclose why there had been no status updates provided by the Company on SGXNet in relation to Termination 2 agreement, as well as prior to its entry into a new agreement with this "potential buyer".

Company's response:

Potential buyer includes but not limit to same Vendors in the Termination 2 agreement. Although Termination 2 agreement has been entered between the Company and the Vendors, the Company does not ensure that the Termination 2 agreement can be completed with full payment received. The Company also try to identify other potential buyers and the Company conclude that the Targets should be disposed no matter under Termination 2 agreement or with other potential buyer. Since the Company has not yet received RMB 22 million on 31 January 2025 in accordance with Termination 2 agreement, which is not completely executed. The Company will further negotiate with Vendors. Once the Company and Vendors or other potential buyer has made further agreement, the Company will disclose agreement details and seek for shareholders' approval.

SGX-ST Query 2

In the Company's responses to SGX-ST Query 5, it was disclosed, inter alia, that the identification verification procedures could not be completed in view of the loss of corporate seals in November 2021 and the new corporate seals were not acceptable to the banks for printing of closed bank accounts' bank balance confirmations and bank statements.

(i) In that regard, please disclose whether these subsidiaries had entered into any contracts since November 2021 and if so, how was it able to do so.

Company's response:

When the corporate seals were lost in November 2021, in order to safeguard of the company's assets, the Company immediately reported to the police, declared the loss, published in newspaper, and then engraved new corporate seals according to the normal seal engraving procedures. Once the new corporate seals were engraving, the new corporate seals can be used.

(ii) Please also disclose whether the Board was aware of the loss of the old corporate seal and if so, whether the Board had approved the change. Otherwise, please explain whether it is part of the internal controls of the Company for the Board to approve such changes relating to the corporate seal in order to safeguard the assets of the Company.

Company's response:

When the company aware of lost of corporate seals, the Company immediately reported the to the police. PRC government have specific requirements and procedures for loss and replacement of corporate seals. At the same time, the authorization from the legal representative or the Company is required to replace the corporate seals. The Company only complied with the PRC government requirements and did not have relevant internal control policy, so it did not notify the Board.

(iii) Please elaborate on the other Company's internal procedures and controls in place for the change in corporate seals.

Company's response:

PRC government have specific requirements and procedures for the loss and replacement of corporate seals, which are stated below:

1. Report to the police – The Company needs to bring business license and other materials to the police under the jurisdiction of the place where the seal was lost, and obtain a lost report.
2. Publication of a declaration that the corporate seal is invalid – A statement of the loss and invalidation of the corporate seal should be published in a municipal or provincial newspaper.
3. Application for engraving of new corporate seals – The Company needs to bring relevant materials (such as business license, newspaper publishing the statement of loss of corporate seals) to the Public Security Bureau for application, and once the Company obtained approval by the Public Security Bureau, the Company request the designated seal engraving agency to engrave a new corporate seal.
4. Engraving a new corporate seal – The Company can only go to the Public Security Bureau designated engraving agency to engrave a new corporate seal.

(iv) Please disclose who had designed the new corporate seals, which government agency had approved the change in corporate seals, what evidence was provided to the government agency of the old corporate seal and if the change in the corporate seal was legally undertaken. If so, please explain why the entities still faced difficulties obtaining financial confirmations from the bank.

Company's response:

Please refer to part (iii) for the engraving new corporate seal procedures. The new corporate seals were not the same seals that used to close the bank account, which were not accepted by the bank for printing the bank confirmation and bank statement for the closed bank accounts, so the identity verification process cannot be completed.

(v) With regards to the Company's disclosure that the "management has provided to the Board and the Audit Committee ("AC") a notarized declaration in China dated 14 October 2020 by its employees that they had obtained directly from the bank the above bank statements", please disclose the identity of these management and their designations and how they were able to obtain the bank statements without the relevant corporate seals. To also disclose the identity of the person who had closed the bank accounts and how they were able to do so without the relevant corporate seals.

Company's response:

Due to the loss of company records during office relocation, the Company cannot confirm the identity of the person who obtained the bank statements directly from bank and who closed the bank account. The bank accounts were closed in March 2020 and July 2020, while corporate seals were lost in November 2021.

SGX-ST Query 3

With regards to the Company's responses to SGX-ST Query 7 as to the actions taken by the Company, its directors and management to comply with the requirement to provide an exit offer since 14 August 2024 to date, please disclose the specific reasons for all of the directors, except for Roy Ling, not attending each of the weekly virtual meetings arranged by former corporate secretary ("TMF") from 7 October to 4 November 2024. Noting that the Company had also announced that they are in the process of appointing a new company secretary as at 18 October 2024, please explain why TMF was still facilitating such company meetings after their cessation as the company secretary.

Company's response:

Mr. Chng has attended the first weekly meeting and after attending the first meeting called by Prof Ling, Mr. Chng was of the view that the meeting will achieve little since the key Director did not attend the meeting. Moreover there was no company secretary present to record the meeting or subsequent meetings.

Ms. Song and Mr. Zhao Ling consider that if there is no update on progress of exit offer, no weekly meeting is considered necessary.

As a goodwill gesture, TMF had arranged the weekly Microsoft Teams call even after their cessation as the company secretary. TMF did not charge the Company for arranging the weekly calls as TMF was not present to record the meetings.

SGX-ST Query 4

Under the comments in Directors' Opinion section, it was stated that "The Company has yet to appoint an external auditor, an external internal auditor, qualified legal counsel, or a corporate secretary". Please disclose the steps the board has undertaken to appoint each of these professionals and when will their appointments be finalised.

Company's response:

The Company is negotiating with external auditor, external internal auditor, qualified legal counsel and corporate secretary regarding the engagement terms and fees, appointment will be made after the Company has agreed the terms and fees with these parties. The Company expects to appoint these parties within first half of 2025.

In addition, the Company has obtained quotation from two firms who can take the role of Independent Financial Advisor ("IFA") in relation to delisting offer, the Company is negotiating the terms with these two IFA and expect to appoint IFA by middle of March 2025.

SGX-ST Query 5

We refer to the "Directors' Opinion" provided in the Company's responses to SGX-ST Queries. Please disclose with details on the specific areas that Mr. Chng and Prof Ling (collectively, the "2 IDs") have reservations on regarding the "accuracy and reliability of the Company's financial statements" and why they are unable to rely on the management accounts prepared by Management.

Company's response:

Prof Ling's view

Prof Ling cautioned that the absence of a 18-month cash flow forecast could lead to going concern and liquidity issues, hindering the Company's ability to meet its debt obligations as they come due. Prof Ling estimates that the Company would require about SGD1.5 million to SGD2.0 million in cash inflows over the next 12 months to fulfill its listing requirements. Currently, there are overdue payables, including staff salaries and professional fees. Financial support from the controlling shareholder(s) has not been forthcoming, especially given the delisting notice. Additionally, collection issues are uncertain with the receivables from Shenzhen Shareihome Technology Co., Ltd. ("SST") and KangweiJian ("KWJ"), and the EGM to dispose of HBXR has yet to be convened.

Prof Ling cautioned that the absence of an external IA could result in ineffective and inadequate internal controls, which may significantly affect the accuracy and veracity of the financial figures of the Company. Both the KPMG report and the audit disclaimer from Foo Kon Tan LLP ("FKT") have identified control weaknesses. Prof Ling believes that appointing an external IA is critical to address and rectify these deficiencies.

Prof. Ling supports initiating legal action against RTTL to enforce the Company's rights. Prof. Ling would require FKT's guidance on whether the impairment of RTTL receivables is appropriate.

Prof. Ling is unclear if HBXR will be disposed to the original vendors as previously announced, or is the Company searching for new Buyers for HBXR and the earlier announcement is deemed no longer valid. Prof. Ling supports convening an EGM to approve the disposal of HBXR. Prof. Ling would require FKT's guidance on whether it is appropriate to classify the transaction as discontinued operations.

Prof. Ling has provided the signed DRIW to commence legal action against SST to enforce the Company's rights given that collection of due receivables have not been forthcoming in July 2024 to November 2024.

Prof. Ling is uncertain whether there are any outstanding collections that are due and payable from KWJ.

In view of the above, Prof Ling expressed that he would vote "against" the approval of the unaudited results for the second quarter ended 30 September 2024 ("2QFY2025").

Mr. Chng's view

The Company has not appointed an auditor as the term of the auditor has expired. The Company also does not have an IA. There is also no access to legal counsel. The Company has not appointed a company secretary. As a result the ID's are hamstrung and unable to seek external professional views on the status of the matters in the results announcement. Hence Mr. Chng shares similar views of Prof Ling. Mr. Chng does not have evidence of fraud or evidence that the accounts are misleading.

By Order of the Board

Song Yanan
Non-Executive Chairman
13 February 2025