

# UNITED FOOD HOLDINGS LIMITED

## Third Quarter Financial Statements for the Nine Months Ended 30 September 2017

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

The figures presented below have not been audited.

1(a) An income statement and a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

|                                                   | Note | 3 months ended  |                 | Group  |                  | 9 months ended   |        |
|---------------------------------------------------|------|-----------------|-----------------|--------|------------------|------------------|--------|
|                                                   |      | 30/9/2017       | 30/9/2016       | Change | 30/9/2017        | 30/9/2016        | Change |
|                                                   |      | RMB'000         | RMB'000         | %      | RMB'000          | RMB'000          | %      |
| <b>CONTINUING OPERATIONS</b>                      |      |                 |                 |        |                  |                  |        |
| Revenue                                           | (A)  | 56,730          | 79,689          | (28.8) | 125,699          | 229,379          | (45.2) |
| Cost of sales                                     |      | <u>(56,025)</u> | <u>(96,499)</u> | (41.9) | <u>(121,619)</u> | <u>(292,037)</u> | (58.4) |
| Gross profit / (loss)                             | (B)  | 705             | (16,810)        | N/M    | 4,080            | (62,658)         | N/M    |
| Other income                                      | (C)  | 35              | 185             | (81.1) | 107              | 654              | (83.6) |
| Selling and distribution costs                    | (D)  | (782)           | (1,252)         | (37.5) | (2,398)          | (3,822)          | (37.3) |
| Administrative expenses                           | (E)  | <u>(10,426)</u> | <u>(21,469)</u> | (51.4) | <u>(36,528)</u>  | <u>(65,829)</u>  | (44.5) |
| Loss before tax from continuing operations        |      | <u>(10,468)</u> | <u>(39,346)</u> | (73.4) | <u>(34,739)</u>  | <u>(131,655)</u> | (73.6) |
| Income tax expenses                               |      | <u>(76)</u>     | -               | -      | <u>(76)</u>      | -                | -      |
| Loss for the period from continuing operations    |      | <u>(10,544)</u> | <u>(39,346)</u> | (73.2) | <u>(34,815)</u>  | <u>(131,655)</u> | (73.6) |
| <b>DISCONTINUED OPERATION</b>                     |      |                 |                 |        |                  |                  |        |
| Loss for the period from a discontinued operation | (F)  | <u>(684)</u>    | <u>(684)</u>    | -      | <u>(2,053)</u>   | <u>(2,053)</u>   | -      |
| Loss for the period                               |      | <u>(11,228)</u> | <u>(40,030)</u> | (72.0) | <u>(36,868)</u>  | <u>(133,708)</u> | (72.4) |
| Attributable to :                                 |      |                 |                 |        |                  |                  |        |
| Owners of the Company                             |      | <u>(11,278)</u> | <u>(40,030)</u> | (71.8) | <u>(36,918)</u>  | <u>(133,708)</u> | (72.4) |
| Non-controlling interest                          |      | <u>50</u>       | <u>-</u>        | -      | <u>50</u>        | <u>-</u>         | -      |

**Note:** For Notes (A) – (F), please refer to Item 8.

**Note:** N/A - Not applicable  
N/M – Not meaningful

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017**

|                                                                                        | 3 months ended  |                 | Group       | 9 months ended  |                  | Change<br>% |
|----------------------------------------------------------------------------------------|-----------------|-----------------|-------------|-----------------|------------------|-------------|
|                                                                                        | 30/9/2017       | 30/9/2016       | Change<br>% | 30/9/2017       | 30/9/2016        |             |
|                                                                                        | RMB'000         | RMB'000         |             | RMB'000         | RMB'000          |             |
| Loss for the period                                                                    | (11,228)        | (40,030)        | (72.0)      | (36,868)        | (133,708)        | (72.4)      |
| Other comprehensive income/(loss)                                                      |                 |                 |             |                 |                  |             |
| Exchange differences on<br>translation of financial<br>statements of foreign operation | <u>125</u>      | <u>96</u>       | 30.2        | <u>146</u>      | <u>(181)</u>     | N/M         |
| Total comprehensive loss for the period                                                | <u>(11,103)</u> | <u>(39,934)</u> | (72.2)      | <u>(36,722)</u> | <u>(133,889)</u> | (72.6)      |
| Attributable to :                                                                      |                 |                 |             |                 |                  |             |
| Owners of the Company                                                                  | <u>(11,156)</u> | <u>(39,934)</u> | (72.1)      | <u>(36,775)</u> | <u>(133,889)</u> | (72.5)      |
| Non-controlling interest                                                               | <u>53</u>       | <u>-</u>        | -           | <u>53</u>       | <u>-</u>         | -           |

The Group's loss before tax is arrived at after charging:

|                                 | 3 months ended |           | Group       | 9 months ended |           | Change<br>% |
|---------------------------------|----------------|-----------|-------------|----------------|-----------|-------------|
|                                 | 30/9/2017      | 30/9/2016 | Change<br>% | 30/9/2017      | 30/9/2016 |             |
|                                 | RMB'000        | RMB'000   |             | RMB'000        | RMB'000   |             |
| Depreciation                    | 3,864          | 11,770    | (67.2)      | 11,592         | 35,547    | (67.4)      |
| Amortisation of land use rights | 1,930          | 2,356     | (18.1)      | 5,790          | 7,070     | (18.1)      |

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

**CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2017**

|                                     | Note | Group                 |                       | Company              |                       |
|-------------------------------------|------|-----------------------|-----------------------|----------------------|-----------------------|
|                                     |      | 30/9/2017<br>RMB'000  | 31/12/2016<br>RMB'000 | 30/9/2017<br>RMB'000 | 31/12/2016<br>RMB'000 |
| <b>ASSETS</b>                       |      |                       |                       |                      |                       |
| <b>Non-current assets</b>           |      |                       |                       |                      |                       |
| Investment in subsidiary            |      | -                     | -                     | 9                    | 9                     |
| Property, plant and equipment       |      | 56,965                | 68,557                | -                    | -                     |
| Land use rights                     |      | 30,297                | 36,087                | -                    | -                     |
| Goodwill                            | (G)  | 12,472                | -                     | -                    | -                     |
|                                     |      | <u>99,734</u>         | <u>104,644</u>        | <u>9</u>             | <u>9</u>              |
| <b>Current assets</b>               |      |                       |                       |                      |                       |
| Inventories                         | (H)  | 12,783                | 15,253                | -                    | -                     |
| Trade receivables                   | (I)  | 41,385                | -                     | -                    | -                     |
| Other receivables                   | (I)  | 71,623                | 75,273                | -                    | -                     |
| Amount due from subsidiaries        |      | -                     | -                     | 44,350               | -                     |
| Amount due from a shareholder       | (J)  | 75                    | -                     | -                    | -                     |
| Cash and cash equivalents           |      | 25,076                | 24,292                | 2,704                | -                     |
|                                     |      | <u>150,942</u>        | <u>114,818</u>        | <u>47,054</u>        | <u>-</u>              |
| <b>Total assets</b>                 |      | <u><u>250,676</u></u> | <u><u>219,462</u></u> | <u><u>47,063</u></u> | <u><u>9</u></u>       |
| <b>EQUITY AND LIABILITIES</b>       |      |                       |                       |                      |                       |
| <b>Capital and Reserves</b>         |      |                       |                       |                      |                       |
| Issued capital                      |      | 15,975                | 11,779                | 15,975               | 11,779                |
| Reserves                            |      | 202,597               | 190,474               | 17,603               | (28,433)              |
| Non-controlling interest            | (K)  | 935                   | -                     | -                    | -                     |
|                                     |      | <u>219,507</u>        | <u>202,253</u>        | <u>33,578</u>        | <u>(16,654)</u>       |
| <b>LIABILITIES</b>                  |      |                       |                       |                      |                       |
| <b>Current liabilities</b>          |      |                       |                       |                      |                       |
| Trade payables                      | (L)  | 3,711                 | -                     | -                    | -                     |
| Amounts due to subsidiaries         |      | -                     | -                     | 13,411               | 13,919                |
| Amount due to a shareholder         | (M)  | 47                    | 1,064                 | -                    | 797                   |
| Other payables and accruals         | (N)  | 15,854                | 4,588                 | 74                   | 1,947                 |
| Provision                           | (O)  | 11,557                | 11,557                | -                    | -                     |
|                                     |      | <u>31,169</u>         | <u>17,209</u>         | <u>13,485</u>        | <u>16,663</u>         |
| <b>Total equity and liabilities</b> |      | <u><u>250,676</u></u> | <u><u>219,462</u></u> | <u><u>47,063</u></u> | <u><u>9</u></u>       |

**Note:** For Notes (G) to (K), please refer to Item 8.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

| <b>As at 30/9/2017</b> |                  | <b>As at 31/12/2016</b> |                  |
|------------------------|------------------|-------------------------|------------------|
| <b>Secured</b>         | <b>Unsecured</b> | <b>Secured</b>          | <b>Unsecured</b> |
| <b>RMB'000</b>         | <b>RMB'000</b>   | <b>RMB'000</b>          | <b>RMB'000</b>   |
| N/A                    | 47               | N/A                     | 1,064            |

**Amount repayable after one year**

| <b>As at 30/9/2017</b> |                  | <b>As at 31/12/2016</b> |                  |
|------------------------|------------------|-------------------------|------------------|
| <b>Secured</b>         | <b>Unsecured</b> | <b>Secured</b>          | <b>Unsecured</b> |
| <b>RMB'000</b>         | <b>RMB'000</b>   | <b>RMB'000</b>          | <b>RMB'000</b>   |
| N/A                    | N/A              | N/A                     | N/A              |

**Details of any collateral**

N/A

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017**

|                                                                       | <u>Group</u>   |           |                |           |
|-----------------------------------------------------------------------|----------------|-----------|----------------|-----------|
|                                                                       | 3 months ended |           | 9 months ended |           |
|                                                                       | 30/9/2017      | 30/9/2016 | 30/9/2017      | 30/9/2016 |
|                                                                       | RMB'000        | RMB'000   | RMB'000        | RMB'000   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                           |                |           |                |           |
| Loss before tax                                                       |                |           |                |           |
| From continuing operations                                            | (10,544)       | (39,346)  | (34,815)       | (131,655) |
| From a discontinued operation                                         | (684)          | (684)     | (2,053)        | (2,053)   |
| Adjustments for:                                                      |                |           |                |           |
| Amortisation of land use rights                                       | 1,930          | 2,356     | 5,790          | 7,070     |
| Depreciation of property, plant and equipment                         | 3,864          | 11,770    | 11,592         | 35,547    |
| Bank interest income                                                  | (19)           | (103)     | (60)           | (536)     |
| Cash flow used in operating activities before working capital changes | (5,453)        | (26,007)  | (19,546)       | (91,627)  |
| Change in inventories                                                 | (451)          | 7,897     | 2,470          | 12,960    |
| Change in trade receivables                                           | (13,486)       | -         | (13,486)       | -         |
| Change in other receivables                                           | (11,499)       | 3         | (11,348)       | 289       |
| Changes in amount due from a shareholder                              | (952)          | -         | (952)          | -         |
| Change in trade payables                                              | (19,408)       | -         | (19,408)       | -         |
| Change in other payables and accruals                                 | 3,269          | 5,358     | 10,670         | 14,285    |
| Change in amounts due to a shareholder                                | 47             | 258       | 47             | 258       |
| Cash used in operations                                               | (47,933)       | (12,491)  | (51,553)       | (63,835)  |
| Interest received                                                     | 19             | 103       | 60             | 536       |
| Net cash used in operating activities                                 | (47,914)       | (12,388)  | (51,493)       | (63,299)  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                           |                |           |                |           |
| Net cash from acquisition of a subsidiary                             | 101            | -         | 101            | -         |
| Net cash used in investing activities                                 | 101            | -         | 101            | -         |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                            |                |           |                |           |
| Repayment of advance to a shareholder                                 | -              | -         | (1,064)        | -         |
| Proceeds from issue of new shares                                     | 49,447         | -         | 53,479         | -         |
| Share issue expenses                                                  | (211)          | -         | (385)          | -         |
| Net cash generated from financing activities                          | 49,236         | -         | 52,030         | -         |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                      | 1,423          | (12,388)  | 638            | (63,299)  |
| Exchange differences                                                  | 125            | 96        | 146            | (181)     |
| Cash and cash at the beginning of period                              | 23,528         | 132,069   | 24,292         | 183,257   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>                 | 25,076         | 119,777   | 25,076         | 119,777   |

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

Group

|                                                                                        | Issued<br>capital<br>RMB'000 | Share<br>premium<br>RMB'000 | Contributed<br>surplus<br>RMB'000 | Accumulated<br>losses<br>RMB'000 | Exchange<br>translation<br>reserve<br>RMB'000 | Statutory<br>reserves<br>RMB'000 | Capital<br>redemption<br>reserve<br>RMB'000 | Non-<br>controlling<br>interest<br>RMB'000 | Total<br>RMB'000 |
|----------------------------------------------------------------------------------------|------------------------------|-----------------------------|-----------------------------------|----------------------------------|-----------------------------------------------|----------------------------------|---------------------------------------------|--------------------------------------------|------------------|
| Balance at 1 January 2017                                                              | 11,779                       | -                           | 397,141                           | (229,263)                        | 183                                           | 19,431                           | 2,982                                       | 882                                        | 203,135          |
| Transactions with the owners recognised<br>directly in equity                          |                              |                             |                                   |                                  |                                               |                                  |                                             |                                            |                  |
| Issue of new shares                                                                    | 4,196                        | 49,283                      | -                                 | -                                | -                                             | -                                | -                                           | -                                          | 53,479           |
| Share issue expenses                                                                   | -                            | (385)                       | -                                 | -                                | -                                             | -                                | -                                           | -                                          | (385)            |
| Total transactions with the owners recognised<br>directly in equity                    | 4,196                        | 48,898                      | -                                 | -                                | -                                             | -                                | -                                           | -                                          | 53,094           |
| Total comprehensive income<br>for the period                                           |                              |                             |                                   |                                  |                                               |                                  |                                             |                                            |                  |
| Loss for the period                                                                    | -                            | -                           | -                                 | (36,918)                         | -                                             | -                                | -                                           | 50                                         | (36,868)         |
| Exchange differences on<br>translation of financial<br>statements of foreign operation | -                            | -                           | -                                 | -                                | 143                                           | -                                | -                                           | 3                                          | 146              |
| Total comprehensive loss<br>for the period                                             | -                            | -                           | -                                 | (36,918)                         | 143                                           | -                                | -                                           | 53                                         | (36,722)         |
| Balance at 30 September 2017                                                           | 15,975                       | 48,898                      | 397,141                           | (266,181)                        | 326                                           | 19,431                           | 2,982                                       | 935                                        | 219,507          |

Group

|                                                                                        | Issued<br>capital<br>RMB'000 | Share<br>premium<br>RMB'000 | Contributed<br>surplus<br>RMB'000 | Accumulated<br>losses<br>RMB'000 | Exchange<br>translation<br>reserve<br>RMB'000 | Statutory<br>reserves<br>RMB'000 | Capital<br>redemption<br>reserve<br>RMB'000 | Total<br>RMB'000 |
|----------------------------------------------------------------------------------------|------------------------------|-----------------------------|-----------------------------------|----------------------------------|-----------------------------------------------|----------------------------------|---------------------------------------------|------------------|
| Balance at 1 January 2016                                                              | 294,465                      | 509,919                     | -                                 | (395,464)                        | 446                                           | 19,431                           | 2,982                                       | 431,779          |
| Total comprehensive income<br>for the period                                           |                              |                             |                                   |                                  |                                               |                                  |                                             |                  |
| Loss for the period                                                                    | -                            | -                           | -                                 | (133,708)                        | -                                             | -                                | -                                           | (133,708)        |
| Exchange differences on<br>translation of financial<br>statements of foreign operation | -                            | -                           | -                                 | -                                | (181)                                         | -                                | -                                           | (181)            |
| Total comprehensive loss<br>for the period                                             | -                            | -                           | -                                 | (133,708)                        | (181)                                         | -                                | -                                           | (133,889)        |
| Balance at 30 September 2016                                                           | 294,465                      | 509,919                     | -                                 | (529,172)                        | 265                                           | 19,431                           | 2,982                                       | 297,890          |

## Company

|                                                                                        | Issued<br>capital<br>RMB'000 | Share<br>premium<br>RMB'000 | Contributed<br>surplus<br>RMB'000 | Accumulated<br>losses<br>RMB'000 | Exchange<br>translation<br>reserve<br>RMB'000 | Capital<br>redemption<br>reserve<br>RMB'000 | Total<br>RMB'000 |
|----------------------------------------------------------------------------------------|------------------------------|-----------------------------|-----------------------------------|----------------------------------|-----------------------------------------------|---------------------------------------------|------------------|
| Balance at 1 January 2017                                                              | 11,779                       | -                           | 397,141                           | (427,148)                        | (1,408)                                       | 2,982                                       | (16,654)         |
| Transactions with the owners recognised<br>directly in equity                          |                              |                             |                                   |                                  |                                               |                                             |                  |
| Issue of new shares                                                                    | 4,196                        | 49,283                      | -                                 | -                                | -                                             | -                                           | 53,479           |
| Share issue expenses                                                                   | -                            | (385)                       | -                                 | -                                | -                                             | -                                           | (385)            |
| Total transactions with the owners recognised<br>directly in equity                    | 4,196                        | 48,898                      | -                                 | -                                | -                                             | -                                           | 53,094           |
| Total comprehensive income<br>for the period                                           |                              |                             |                                   |                                  |                                               |                                             |                  |
| Loss for the period                                                                    | -                            | -                           | -                                 | (2,058)                          | -                                             | -                                           | (2,058)          |
| Exchange differences on<br>translation of financial<br>statements of foreign operation | -                            | -                           | -                                 | -                                | (804)                                         | -                                           | (804)            |
| Total comprehensive loss<br>for the period                                             | -                            | -                           | -                                 | (2,058)                          | (804)                                         | -                                           | (2,862)          |
| Balance at 30 September 2017                                                           | 15,975                       | 48,898                      | 397,141                           | (429,206)                        | (2,212)                                       | 2,982                                       | 33,578           |

## Company

|                                                                                        | Issued<br>capital<br>RMB'000 | Share<br>premium<br>RMB'000 | Contributed<br>surplus<br>RMB'000 | Accumulated<br>losses<br>RMB'000 | Exchange<br>translation<br>reserve<br>RMB'000 | Capital<br>redemption<br>reserve<br>RMB'000 | Total<br>RMB'000 |
|----------------------------------------------------------------------------------------|------------------------------|-----------------------------|-----------------------------------|----------------------------------|-----------------------------------------------|---------------------------------------------|------------------|
| Balance at 1 January 2016                                                              | 294,465                      | 509,919                     | -                                 | (817,719)                        | 446                                           | 2,982                                       | (9,907)          |
| Total comprehensive income<br>for the period                                           |                              |                             |                                   |                                  |                                               |                                             |                  |
| Loss for the period                                                                    | -                            | -                           | -                                 | (2,308)                          | -                                             | -                                           | (2,308)          |
| Exchange differences on<br>translation of financial<br>statements of foreign operation | -                            | -                           | -                                 | -                                | (720)                                         | -                                           | (720)            |
| Total comprehensive loss<br>for the period                                             | -                            | -                           | -                                 | (2,308)                          | (720)                                         | -                                           | (3,028)          |
| Balance at 30 September 2016                                                           | 294,465                      | 509,919                     | -                                 | (820,027)                        | (274)                                         | 2,982                                       | (12,935)         |

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

On 20 February 2017, the Company issued and allotted 22,016,173 Placement Shares in accordance with the Placement Agreement dated 16 January 2017 with net proceeds of RMB3,858,000.

On 22 August 2017, the Company issued and allotted 25,804,343 Placement Shares in accordance with the Placement Agreement dated 12 July 2017 with net proceeds of RMB49,236,000.

There were no treasury shares and subsidiary holdings. The Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 30 September 2017 and 31 December 2016.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

|                                     | Number of<br>ordinary shares<br>(par value of<br>HK\$0.10 each) |
|-------------------------------------|-----------------------------------------------------------------|
| Issued and fully paid:              |                                                                 |
| At 1 January 2017                   | 110,080,868                                                     |
| Issue of new shares - February 2017 | 22,016,173                                                      |
| Issue of new shares - August 2017   | 25,804,343                                                      |
| At 30 September 2017                | <u>157,901,384</u>                                              |

The Company did not hold any treasury shares as at 30 September 2017 and 31 December 2016.

**1(d)(iv) A statement showing all sales, transfer, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

N/A

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

N/A

**2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have not been audited nor reviewed.



**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

The figures have not been audited nor reviewed by auditors.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the preparation of the consolidated financial statements for the current reporting period compared with the audited financial statements as at 31 December 2016.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The adoption of the new or revised IFRS that are mandatory for financial year beginning on or after 1 January 2017, and such adoption has no significant impact on the Group's consolidated financial statements.

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

|                                                                                                                                                                                                                                                                                                                        | Group          |           |                |           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------|----------------|-----------|
|                                                                                                                                                                                                                                                                                                                        | 3 months ended |           | 9 months ended |           |
|                                                                                                                                                                                                                                                                                                                        | 30/9/2017      | 30/9/2016 | 30/9/2017      | 30/9/2016 |
|                                                                                                                                                                                                                                                                                                                        | RMB            | RMB       | RMB            | RMB       |
| <b>LOSS PER ORDINARY SHARE</b>                                                                                                                                                                                                                                                                                         |                |           |                |           |
| (i) Based on weighted average number of ordinary shares in                                                                                                                                                                                                                                                             |                |           |                |           |
| - For loss for the period                                                                                                                                                                                                                                                                                              | (0.08)         | (0.36)    | (0.28)         | (1.21)    |
| - For loss from continuing operations for the period                                                                                                                                                                                                                                                                   | (0.07)         | (0.36)    | (0.26)         | (1.20)    |
| (ii) On a fully diluted basis                                                                                                                                                                                                                                                                                          | N/A            | N/A       | N/A            | N/A       |
| (i) Loss per ordinary share on the existing issued share capital is computed based on the weighted average number of shares in issue during three and nine months ended 30 September 2017 of 131,751,110 and 143,035,839 shares (three and nine months ended 30 September 2016 of 110,080,868 and 110,080,868 shares). |                |           |                |           |
| (ii) There were no potential dilutive ordinary shares in existence for the three and nine months ended 30 September 2017 and 30 September 2016, respectively and accordingly, no diluted loss per share has been presented.                                                                                            |                |           |                |           |

**7. Net asset value (for the issuer and group) per ordinary share based on the total number issued share excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

|                                                                                                                   | Group     |            | Company   |            |
|-------------------------------------------------------------------------------------------------------------------|-----------|------------|-----------|------------|
|                                                                                                                   | 30/9/2017 | 31/12/2016 | 30/9/2017 | 31/12/2016 |
|                                                                                                                   | RMB       | RMB        | RMB       | RMB        |
| <b>NET ASSETS VALUE PER ORDINARY SHARE</b>                                                                        |           |            |           |            |
| Net asset backing per ordinary share based on existing issued share capital as at the end of the period report on | 1.39      | 1.84       | 0.21      | (0.15)     |

The net asset value for the Group and the Company per ordinary share were calculated based on 157,901,384 shares and 110,080,868 shares in issue as at 30 September 2017 and 31 December 2016, respectively.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

**Performance Review**

**(A) Revenue**

The Group recorded revenue of RMB56.7 million in the Third quarter ended 30 September 2017 (“3Q2017”) compared to RMB79.7 million in 3Q2016. The significant decrease in revenue was mainly due to the decline in the Feed Production Segment.

**Soybean Processing**

The Group’s Soybean Processing Segment did not have any revenue in 3Q2017 and 3Q2016, because this segment was suspended since 5 July 2015.

**Feed Production**

The Group’s Feed Production Segment recorded a RMB32.0 million in 3Q2017 compared to RMB79.7 million in 3Q2016, representing a decrease by 59.9%. 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.

**Trading Segment**

The Group’s Trading Production Segment recorded a RMB24.7 million in 3Q2017 compared to nil in 3Q2016, due to completion of acquisition of Really Time Trading Limited in August 2017.

**(B) Gross profit /(loss) margin**

The Group recorded a gross profit margin of 1.2% for the continuing operations in 3Q2017 compared to the gross loss margin of 21.1% in 3Q2016. The increase in gross profit margin was mainly due to an increase in selling prices of our animal feed products of those products in 3Q2017.

#### **(C) Other income**

Other income decreased by 81.1% in 3Q2017 compared to 3Q2016, due mainly to a lower interest income.

#### **(D) Selling and distribution costs**

In line with the decrease in sales revenue, the Group incurred lower selling and distribution expenses in 3Q2017 compared to 3Q2016.

#### **(E) Administrative expenses**

Administrative expenses decreased by 51.4% in 3Q2017 compared to 3Q2016, mainly due a drop in the depreciation of property, plant and equipment and the amortisation of land use rights. Also contributing to the decrease was the cessation of the labour costs payments of our inactive staff from Soybean Processing Segment and one of feed production centres after their suspension. The Group took the position upon legal advice to cease the labour payments in June 2017.

#### **(F) Loss for the period from a discontinued operation**

Loss for the period from a discontinued operation represents those expenses incurred and depreciation charges in our Pig Rearing Division which ceased operation in 2014.

#### **(G) Goodwill**

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

#### **(H) Inventories**

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

#### **(I) Trade receivables and Other receivables**

Trade receivables is mainly the trade receivable of Really Time Trading Limited compared to nil revenue in 2016.

Other receivables included deposits paid to the vendors of two potential acquisition projects of RMB70.0 million paid 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.

#### **(J) Amount due from a shareholder**

The amount due mainly from the minority shareholder of Really Time Trading Limited. This amount is the petty cash for Really Time Trading Limited business purpose.

#### **(K) Non-controlling interest.**

Non-controlling interest is the minority shareholder interest from Really Time Trading Limited. The Group completed the acquisition of Really Time Trading Limited in August 2017.

#### **(L) Trade payables**

Trade payables is mainly the trade payables of Really Time Trading Limited compared to nil in 2016.

#### **(M) Amount due to a shareholder**

Amount due to a shareholder, Golden Ever International Property Management Limited, was interest free, unsecured.

### (N) Other payables and accruals

The increase in other payables, deposit received and accruals was due mainly to an increase in tax payables in 3Q2017.

### (O) Provision

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 regards to an equipment procurement contract. The court judgement in respect of this claim had been reached in the financial year 2016 in favour of the plaintiff. Even though the Group is deliberating on its available legal action(s), it has made a provision for litigation claim of RMB11.6 million to be prudent.

### (P) Cash flow statement

Net cash inflow of RMB1.4 million in 3Q2017 as attributed to the issuance of new shares.

### (Q) Legal and compliance risk identified

Following the closure of the soybean processing as a result of environmental enforcement by the government of the People's Republic of China ("PRC"), the Group realised the impact local regulations and standards had on the flexibility of its businesses and its ability to respond to changing market conditions. Accordingly, the Group is reviewing its cost and management structures to provide more flexibility.

The Group's management is dedicated to finding viable solutions to satisfy compliance requirements and mitigate compliance risks, in particular the risks associated with the Group's existing operations in Shandong, and the Group's exposure to potential claims or disputes in such a volatile period. Management will, to the best of their ability, identify and manage legal risks through legal counsel. Furthermore, the Group's management is also proactively engaging in discussions and consultations with governmental regulators and industry leaders to understand the local requirements in each jurisdiction which the Group conducts its businesses in. The management will continue to maintain its commitment to comply with the changing PRC legal environment and mitigate the risks associated for operating within it.

In addition, after the introduction of new PRC environmental laws, and the PRC Government's commitments towards Paris Climate Agreement, the management is in the process of revising a new operational plan to ensure its full compliance of all rules and regulations presently applicable to the Group for the year 2017 and the future. The new operation plan will hopefully result in a positive operational mode for the Group for the years to follow while leading the Company on the path to reduce carbon emissions and the betterment of our social responsibility towards food quality, safety and ethical dimensions.

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

The announcement is in line with the profit guidance announcement of 8 November 2017.

### **10. A commentary at the date of the announcement of the 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 Group is currently reviewing its overall strategic direction and one of which will be to explore on the reduction of the use of generic-generated soy-beans from imports which is being promoted by the current PRC environmental initiatives. This will in turn lead to the diversification to a more technological and licensed feed supplements for the food processing industry. As per announced on 5 October 2017, the Company is currently in the process of an acquisition that focuses in the agribusiness and animal feed operations and involves in the development, manufacture and sale of animal feed and animal feed-related products in PRC ("**Proposed Acquisition**"). The Target Companies also own patents and conduct extensive research and development into bio-chemical related technologies, and the development, synthesis and sale of antioxidants.

In addition, the management is also currently exploring options for any asset and/or business disposals that would benefit the Group as a whole. As announced on 17 October 2017, the Company has received an offer for disposal. The Company is still in the negotiation process for the proposed offer and will provide updated information whenever it becomes available. The Group's Feed Production Segment continues to only perform limited operation and shall merge its operation with the Proposed Acquisition which is subject to shareholders' approval as to sustain growth and development. The land vacated by the Group's pig rearing business with the other suspended operations are presently collectively being negotiated as part of the offer for disposal.

Moving forward, the Group concluded that the future pursuit of the Company would mainly aim at sustainable developments within the food industry, and to also achieve continuous ethical issues in maximizing on i) transparency ii) fairness iii) humanitarian motives iv) social responsibility and v) food safety and quality assurance.

As a result of the Company being put under the Watch-list due to the minimum trading price entry criteria of the Singapore Exchange Securities Trading Limited ("SGX-ST") (reference is made to the announcement made in 5 June 2017), management had been diligent and endeavor to improve on the business fundamentals of the Company. For the best interest of shareholders, share placements of the Company at market has been made in order for the Company to be financially sound. The Board is pleased to announce that for the month of June to October 2017, the Company had registered a daily average market capitalization of approximately S\$47 million; in excess of S\$40 million level, which is the SGX ST's minimum requirement of a daily average market capitalization in order to be removed from the Watch-list. The Company will be eligible to be removed from the Watch-list if the daily average market capitalization continues to be above the minimum until December 2017.

## **11. Dividend**

### ***a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?

**No**

### ***(b) Corresponding Period of the Immediately Preceding Financial Year***

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

**No**

### ***(c) Date Payable***

**N/A**

### ***(d) Books Closure Date***

**N/A**

## **12. If no dividend has been declared/recommended, a statement to that effect**

No dividend has been declared.

**13. Confirmation that the issue has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

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.

**14. Aggregate Value Of Interested Person Transactions Entered Into For The Nine Months Ended 30 September 2017**

**Pursuant to Rule 920 of the SGX-ST's Listing Manual, details of the aggregate value of interested person transactions entered into for the nine months ended 30 September 2017, were as follows: -**

The Company does not have an IPT Mandate.

| Name of interested person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Jiang Quan Hotel*         | RMB<br>Expenses paid in relation to catering and accommodation services provided by Jiang Quan Hotel<br>300,000                                                                                                       | Nil                                                                                                                                                           |

\* Jiang Quan Hotel is owned by the nephew of Mr Wang Tingbao, substantial shareholder of the Company.

**15. Confirmation by Directors pursuant to Clause 705(5) of the Listing Manual of the SGX-ST**

On behalf of the Board of Directors of the Company, we, Song Yanan and Wu Xiaoran, being Directors of the Company, hereby confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of United Food Holdings Limited which may render the unaudited financial statements for the nine months ended 30 September 2017 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD  
UNITED FOOD HOLDINGS LIMITED**

**Wu Xiaoran  
Director  
10 November 2017**