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

RESPONSES TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED IN RELATION TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

- **Responses to questions raised pursuant to the Company's announcements dated 5 July 2021 and 16 August 2021**

Unless otherwise expressly defined herein, all capitalized terms in this announcement shall bear the same meanings ascribed to them under the Company's announcements dated 5 July 2021 and 16 August 2021.

The board of directors (the "**Board**") of United Food Holdings Limited (the "**Company**", and collectively with its subsidiaries, the "**Group**") refers to the Company's announcement dated 5 July 2021 in relation to the Unaudited Financial Statements for the financial year ended 31 March 2021 and announcement dated 16 August 2021 in relation to the Unaudited Financial Statements for the financial period ended 30 June 2021 (the "**1QFY2022 Financial Results**").

The Board wishes to provide its responses to the following questions raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"):-

SGX-ST Query 1

The Company's replacement announcement dated 16 August 2021 supersedes the earlier announcement made on 14 August 2021 (Announcement Reference No. SG210814OTHRTKFO) relating to the Unaudited Financial Statements for the period ended 30 June 2021. Please disclose the amended items in the replacement announcement dated 16 August 2021.

Company's response:

The amendment was made on the place of incorporation of the Company appeared on page 1 of the 1QFY2022 Financial Results. The place of incorporation should be in Bermuda.

SGX-ST Query 2

Page 2: Cost of Sales: RMB194,000
Explain why this increased only 100%, while Revenue increased 260.6%.

Company's response:

The revenue was primarily generated from management service fee of the Group's Additives Related Segment. However, the increase in cost of sales was mainly attributed from the employees' salaries and travel reimbursements which were not increased in tandem with the revenue.

SGX-ST Query 3

Page 2: Administrative Expenses: RMB1,912,000
Provide a breakdown of and explain the material expenses, noting that Administrative expenses rose to RMB1,912,000 for the 3 months ended 30 June 2021 compared to RMB1,871,000 for the 3 months ended 30 June 2020. Also elaborate on why and how the Company incurred such a significant amount of Administrative expenses for the 3 months ended 30 June 2021, which amounted to almost four times the RMB512,000 Revenue generated.

Company's response:

The administrative expenses increased by RMB41,000 represented 2% increment from RMB1,871,000 to RMB1,912,000, it was within the threshold of the management expenses. Such expenses consisted of fixed

operating costs, employees' salaries, depreciation costs and others. Due to COVID-19, the Group recorded a revenue of RMB512,000 for the period ended 30 June 2021. Nevertheless, the Group has continued its operations and thus the operating costs were more than the revenue.

SGX-ST Query 4

Page 2: Finance expenses: RMB278,000
Explain the 37.2% decrease from the 3 months ended 30 June 2020.

Company's response:

The financial expenses were mainly derived from CDPR. As CDPR did not produce in large volume amidst the COVID-19 situation, the Group incurred lesser bank expenses resulted in a decrease in finance expenses of RMB165,000 in this quarter.

SGX-ST Query 5

Page 3: Exchange differences on translation of financial statements of foreign operation: RMB637,000
Provide details and reasons for the significant loss on translation, quantifying to support the reasons for the significant loss amount of RMB637,000, when compared to the Revenue of RMB512,000 and net loss of RMB2,165,000.

Company's response:

The Group and its subsidiaries adopt different currencies for their financial reporting. Certain overseas subsidiaries adopts HKD while RMB is used for the presentation currency of the Group. The exchange difference was arising from the translation currency exchange when all financial numbers are to be consolidated and recognised as other comprehensive income in the Group's financial reporting in accordance with the IAS21 requirements in China.

SGX-ST Query 6

Page 4: Trade and other receivables: RMB126,114,000

Provide a breakdown of Trade and other receivables amounting to RMB126,114,000 and RMB135,626,000 as at 30 June 2021 and 31 March 2021 respectively, indicating also the identity of the major debtors and the nature of the transactions from which these debts arose.

Company's response:

Trade receivables	**20210331**	**20210630**	**Nature**	**Ageing schedule**
	RMB	**RMB**		
Really Time's trade receivables	10,356,000	9,976,000	Normal trading	More than 12 months
Sundry	246,000	393,000	Normal trading	Within 4-6 months
Other receivables				
Nong fu	35,000,000	fully repaid	refundable deposit	
SST	35,000,000	35,000,000	refundable deposit	Within 3 months
惠州中凡机电设备	49,152,000	75,152,000	Operating deposit	4-6 months

SGX-ST Query 7

Page 4: Trade and other receivables: RMB126,114,000

Provide an update on the repayment of RMB35 million payment to SST made in March 2021, and discovered by the independent directors on 14 April 2021 during discussion with the Auditors. Quantify the total payments and repayments by SST to the Group to-date.

Company's response:

There was no update on the repayment of RMB35 million. Please refer to the Company's response on SGX-ST Query (3)(c) released 28 June 2021.

Please find below table on the repayment of RMB35 million to-date:

Name	In arrears	Total amount Owing (RMB'000)	Amount owing as at 30 June 2021 (RMB'000)	Remarks
Shenzhen Shareihome Technology Co., Ltd. ("**SST**")	31 March 2021	35,000	35,000	The Company had received a bank balance statement from China Construction Bank on 22 June 2021 provided by the Chairman indicating that she has sufficient resources to fulfil the financial obligations to meet the Company's short-term obligations if the Company failed to operate as a going concern and support the Group's working capital requirements for the next 12 months.

SGX-ST Query 8

Page 4: Trade and other receivables: RMB126,114,000

In relation to the debts owing by Really Time Trading Limited, provide details on the status of the operations of Really Time and the steps taken by the directors and the Audit Committee ("AC") to ensure that Really Time has procedures to repay the amounts promised to be repaid in 4Q2021. Also disclose the safeguards put in place by the Board and the AC for the collection, and quantify the amounts due and security obtained for these amounts due.

Company's response:

Please refer to the Company's response on SGX-ST Query 3 for Really Time Trading Limited ("**RTTL**") released on 5 July 2021. The status remains unchanged and the Company did not obtain any security for the amounts due. The Company will provide update on the receipt of payment from time to time.

SGX-ST Query 9

Page 7: Change in trade and other receivables: RMB25,488,000

Reconcile and explain how trade and other receivables increased by approximately RMB25 million despite the Company disclosing under Recoverability of deposits and termination of short-term investment, full receipt by the Company of RMB25.0 million deposit paid to 唐山市胜润生物科技有限公司 ("Tangshan") as of 31 March 2021, RMB35.0 million deposit paid to 深圳农畉食品开发集团有限公司 ("Nongfu") fully received as of 30 June 2021 and RMB40.0 million short-term investment with

惠州市康维健生物科技有限公司 ("Kangweijian") fully received as of 31 March 2021, with Revenue generated of only RMB512,000.

Company's response:

The increase in trade and other receivables was mainly due to the receipt of repayment from Nongfu. As such, it has no impact to the revenue generated during the quarter.

No	Amount	Comments
A	126,114,000	AR balance at 30/06/2021
B	135,626,000	AR balance at 31/03/2021
C=A-B	-9,512,000	AR balance changed from 31/03/2021-30/06/2
D	35,000,000	cash received from Nonfu during this period
E=C+D	25,488,000	Change in trade and other receivables

SGX-ST Query 10

Page 12: Borrowings
The unsecured balance comprised RMB0.69 million as the contingent consideration and RMB3.79 million is the balance in other payables to shareholder. Please explain this contingent consideration and the conditions that will have to be satisfied for this to be payable. In relation to the RMB3.79 million, please elaborate where was this interested person payable, the transactions which resulted in the amount due of RMB3.79 million and how this was calculated, and where this interested person transaction was disclosed in the balance sheet. Also, quantify the amount of payables due to shareholder, the identify and role of the shareholder in the Company, the use of proceeds, when it was extended to the Company, the terms of the payables and when this is due and payable.

Company's response:

Please refer to the Company's response on SGX-ST Query 8 released on 15 June 2021 and response on SGX-ST Query 7(b) released 28 June 2021 respectively regarding contingent consideration. The balance in other payables to shareholder of RMB3.79million comprised of loan payables to the controlling shareholder, Golden Ever International Property Management Limited for RMB0.135million and Ms. Zeng Miao Yun, director and minority shareholder of RTTL for RM3.65million. Both loans from the shareholders did not have repayment terms and were interest free.

As the loans were of interest free, the transactions were not considered interested person transactions under Chapter 9 of the Listing Manual of the SGX-ST.

SGX-ST Query 11

Page 13: Trade and other receivables: RMB126,114,000
Explain the decline from RMB135,626,000 to RMB126,114,000.

Company's response:

With great effort from the Management in following up long outstanding receivables from the respective parties, the receivables have progressively reduced. Please refer to the response on SGX-ST Query 9 above for more details.

SGX-ST Query 12

Page 14: Opening Balance: Discontinued operations and Disposal group classified as held for sale.
What is this disposal group and status of the disposal? When was the agreement signed and what are the terms of the agreement? Management expects this issue to be resolved for the year ended 31 March 2021. Has this been resolved?

Company's response:

The disposal referred to the disposal of Post-Ante Trading Limited and the disposal was completed on 10 May 2018. The Group had also recovered full payment from the purchaser before 31 March 2021.

The Management considered this issue resolved.

SGX-ST Query 13

Page 14: Impairment of non-financial assets: Veracity of HBXR transactions
How did the AC resolve the issue of veracity of the HBXR transactions? What is the AC's conclusions on the veracity after their investigation?

Company's response:

The Company is finalising the scope of work for Guangdong Zhuming Law Firm, 广东铸铭律师事务所 to conduct a special investigation and verification of bank balances, and the veracity of HBXR transactions. The proposed scope of works will be sent to SGX RegCo by 6 September 2021 for review and comment before being finalised.

SGX-ST Query 14

Page 14: Recoverability of financial assets: Recoverability of proceeds from disposal of Post-Ante Group
Provide details of this Post-Ante Group. Was the disposal announced and was shareholders' approval required?

Company's response:

The Company had released announcements on 17 October 2017, 16 November 2017, 24 November 2017 respectively in relation to the disposal of Post-Ante Trading Limited (the "**Disposal**") and the resolution for the Disposal was passed at a Special General Meeting held on 29 March 2018. Please see the response on SGX-ST Query 12 above.

SGX-ST Query 15

Page 15: Veracity, existence and completeness of bank balances
Provide an update and status to-date on the special audits and special investigations to verify veracity of bank balances and the work done by the AC to-date in reviewing the findings.

Company's response:

The Company is finalising the scope of work for Guangdong Zhuming Law Firm, 广东铸铭律师事务所 to conduct a special investigation and verification of bank balances, and the veracity of HBXR transactions. The proposed scope of works will be sent to SGX RegCo by 6 September 2021 for review and comment before being finalised.

SGX-ST Query 16

Page 15: Gross profit
Explain the reason for the high 62.2% gross profit margin, and whether this gross margin in excess of 60% is in line with the gross profit margins for additive related companies in the PRC.

Company's response:

The increase in gross profit mainly due to increase in revenue from Additive Related Segment during the quarter. The staff salaries and travel expenses were recorded in the administrative expenses in accordance

with the accounting treatment of China. Therefore, higher gross profit was reported for this quarter. Management is not aware of any pure play publicly listed addictive related companies in PRC.

SGX-ST Query 17

Page 16: Trade and other receivables
Other receivables include deposits paid to the vendors of potential acquisition projects amounting to RMB35 million, which will become part of the consideration after the completion of the acquisitions and/or refundable after the cancellation of the acquisitions. Have these potential acquisitions been announced? Provide details of these acquisitions including the consideration amounts, NTA of the targets, Listing Rule 1010 details, when were these agreements signed and why deposits were paid even though agreements for such acquisitions have not yet been signed, and whether the AC was aware and had approved of these acquisitions and payment of deposits?

Company's response:

The agreement between the Company and SST was entered on 22 April 2021 and the placement of RMB35 million as security deposit to SST under the terms of the Agreement to facilitate the rollout of the potential business cooperation. Please refer to the announcements dated 12 May 2021, 7 June 2021, 15 June 2021, 28 June 2021 and 5 July 2021.

Please also refer to the response on SGX-ST Query 7 above.

SGX-ST Query 18

Page 16: 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 30 June 2021. Provide details of this acquisition of new subsidiaries of RMB10 million, and explain whether details as required under Listing Rule 706A for these acquisitions of subsidiaries were announced.

Company's response:

Please refer to the link below on circular released on 5 July 2018 for details of the acquisition of new subsidiaries. The cash consideration of RMB10 million was stated in item 2.6.1 on page 21 of the circular.

United Food -Circular on Proposed Acquisition of Target Companies.ashx (sgx.com)

SGX-ST Query 19

Provide details and quantify the material assumptions and valuation outcomes of the two valuation reports referred to in the Company's SGXNet announcement dated 5 July 2021 (Announcement Reference: SG210705OTHRTPTI) on the valuation of the patents and buildings conducted by Ascent Partners and the valuation of SST conducted by ShenZhen ShiHua Asset Assessment Land Real Estate Valuation Co., Ltd. ("Shenzhen ShiHua"), as referred to by the Company in its responses to SGX Queries 1 & 5 dated 5 July 2021.

Company's response:

The valuation reports are under review by the Company's auditors. We expect the audit reports will be available by early September 2021.

SGX-ST Query 20

In response to the previous SGX Query 3(c), the Board and the independent directors responded that "Subject to the satisfaction of the due diligence exercise to be carried by the Group's engaged professional valuer, the Company's right of conversion of security deposit of RMB35 million into equity interest in the capital of SST shall be contingent upon the Company obtaining all relevant approvals (including from its shareholders)." Please provide an update on this development.

Company's response:

Please refer to the response on SGX-ST Query 7 above. There is no material development to update.

By Order of the Board

Song Yanan
Non-Executive Chairman
27 August 2021