

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 RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023 (2Q2024)

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 14 November 2023 with respect to the Unaudited Financial Statements for the financial period ended 30 September 2023 (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 queries raised by the Singapore Exchange Securities Trading Limited (the "SGX-ST") with respect to the Unaudited Financial Statements for the financial period ended 30 September 2023 (the "Financial Results" or "2Q2024").

SGX-ST Query 1

The reason that the Company had disclosed for the decline of 86% in Administrative expenses from RMB 5.5 million to RMB 0.8 million in 2Q2023 was because "the Company is in the midst of discussing with the bank on the loan renewal terms. As such, no finance expenses have been accrued as at 30 September 2023." However, it is noted that despite this, Administrative expenses for 1H2023 increased 8.7% to RMB 9.5 million. Please provide a breakdown to Administrative Expenses for 2Q2023 vs 2Q2022 and for 1H2023 vs 1H2022 and explain the nature of significant expenses and reasons for material fluctuations.

Company's response:

The breakdown of the administrative expenses is as follows:

	3 months ended		6 months ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RMB'000	RMB'000	RMB'000	RMB'000
ADMINISTRATIVE EXPENSES				
Salary expenses	339	551	3,541	951
Professional fees	17	2,394	3,432	3,007
Exchange difference	-143	1,895	1,372	3,526
Depreciation	407	466	854	932
Amortisation	46	46	93	93
Travelling	33	30	76	63
Others	74	81	125	164
	<u>773</u>	<u>5,463</u>	<u>9,493</u>	<u>8,736</u>

The administrative expenses decreased from RMB5.5 million in 2Q2022 to RMB0.8 million in 2Q2023 through effective cost containment. However, the total amount of administrative expenses in the 1HFY2023 increased by 8.7% compared to 1HFY2022 due to the accrual of administrative expenses of RMB5.5 million in the 1Q2023, which was mainly professional fees and other expenses.

SGX-ST Query 2

With respect to the status of Shenzhen Shareihome Technology Co., Ltd. (“**SST**”) Acquisition, the Company had mentioned that “the AC has instructed for the immediate refund of the SST deposit” of RMB 35m “given the expiry of the long stop date”.

- a. Please disclose the progress of the refund. To also confirm whether the Company will be proceeding with this acquisition and explain the discrepancy in the status reported in the quarterly update on 14 November 2023 announced by the Company that did not mention anything in relation to the refund of SST deposit.

Company’s response:

As of to date, SST has not returned the full amount of RMB85 million to the Company. The Chairman of the Group, Ms Song Yanan, has been actively communicating with the management and shareholders of SST. In view of the adverse impact of the weakening macro-economy in China and the funding needs of business development of SST, SST had requested an extension of time for the refund of the deposit. Ms Song is discussing the refund details and will provide a specific proposal by 31 December 2023.

- b. Please provide the following details on SST:
 - i. Who are the vendors of SST,

Company’s response:

SST’s major customers are as follows:

Sunac China Holdings Limited / Lutong Construction Group Co., Ltd./ Huizhou Hua Kechuang Industrial Co., Ltd./ Shenzhen Jingpeng Construction Engineering Co., Ltd./ Yuehuixin Construction Engineering (Guangdong) Co., Ltd.

SST’s major suppliers are as follows:

Kunming Jianshan Technology Co., Ltd./ Shenzhen Youxing Business Travel Technology Co., Ltd. (Ubtrip) / Alibaba Cloud Computing Co., Ltd./ Guangzhou Ruiqin Information Technology Co., Ltd./ Beijing Huayue Beishang Technology Co., Ltd./ Shenzhen Zhinoda Network Services Co., Ltd./ Shenzhen Tusidi Aidi Entrepreneurship Incubator Co., Ltd. (TusStar)

- ii. Whether its shareholders, directors and key management have any relationships to the Company’s shareholders, directors and key management

Company's response:

SST's major shareholders, directors and key management have no relationships with the Company's shareholders, directors and key management.

- iii. The size of SST in terms of revenue, profits generated and net asset value

Company's response:

As of 31 December 2022, SST recorded revenue of RMB22 million, profit of RMB15 million and net asset value of RMB25 million.

- iv. Whether the AC will be reviewing the terms and valuation assessment of the acquisition.

Company's response:

The AC will review the terms and valuation assessment of the acquisition subject to legal advice.

SGX-ST Query 3

With respect to the recoverability of advances paid in relation to Kangweijian, the Company mentioned that "the delivery of various LAP equipment has been fully completed in first quarter of 2022" and "expects full repayment by December 2023". Please disclose:

- a. Why was the full repayment only due in December 2023 for a delivery completed in 1Q2022?

Company's response:

Given the weakening macroeconomic environment in China and Kangweijian lacks cash liquidity and thus, it requires a gradual repayment until December 2023.

Please refer to the announcement "Debt Restructuring Framework – update on HBXR's trade receivables owing by Kangweijian" released on 27 November 2023 for more details.

- b. What is the outstanding amount due from Kangweijian?

Company's response:

The outstanding amount due from Kangweijian as of to date was RMB44,824,000.

- c. What is causing the delay for the announcement for a delivery completed in 1Q2022?

Company's response:

The Company's management had actively communicated with Kangweijian but Kangweijian's fundraising channel was uncertain due to the impact of the epidemic in China had not been fully subsided. Hence, Kangweijian was not able to provide definite information in a timely manner to the Company and thus, caused the delay of announcement.

Please refer to the announcement "Debt Restructuring Framework – update on HBXR's trade receivables owing by Kangweijian" released on 27 November 2023 for more details.

d. Please provide more details on Kangweijian:

- i. the size of Kangweijian in terms of revenue, profits generated and net asset value; and

Company's response:

As of 31 December 2022, Kangweijian recorded revenue of RMB3.8 million, profit/(loss) of (RMB17 million) and net asset value of (RMB1 million). 2021 was Kangweijian's first year of production. Kangweijian resumed large-scale of production in 2023 after a suspension of production during the epidemic in 2022. The main losses were mainly depreciation and basic manpower costs.

- ii. Whether its shareholders, directors and key management have any relationships to the Company's shareholders, directors and key management.

Company's response:

Kangweijian's major shareholders, directors and key management have no relationships with the Company's shareholders, directors and key management.

SGX Query 4

With regards to collection of debts of Really Time Trading Limited ("RTTL"), the Company had disclosed that it expects to recover receivables Shenzhen Huipusen Logistics Supply Chain Co., Ltd by end of December 2023. Please disclose:

- a. the outstanding amount owing by this debtor;

Company's response:

The outstanding amount as of to date was RMB4,203,000.

- b. current progress in recovering the outstanding amount; and

Company's response:

Given the weakening macroeconomic environment in China, the recovery of the receivables has been slow. The Chairman of the Group, Ms Song has been actively communicating with the debtors and also requested for progressive payment or potential debt restructuring.

- c. who are the other customers which "RTTL are seeking appropriate legal recourse against" and the amount owing respectively.

Company's response:

The major customer is Shenzhen Huipusen Logistics Supply Chain Co., Ltd. and the amount owing is mentioned in item 4a.

SGX Query 5

With respect to the Group's Trade and Other Receivables that amounts to RMB 139.4 million and 85% of current assets in 30 September 2023, please disclose:

- a. aging of the Group's trade receivables;

Company's response:

The Group's trade and other receivables as listed below are aging for more than 12 months:-

Trade and other receivables	Amount (RMB)	Amount received as of 30 September 2023	Aging	Nature of underlying Transactions	Repayment Status
HBXR's trade receivables -康维健	44,852,000	RMB2,719,500	>12 months	Provision of services and supplies in the Group's Additives Related Segment.	1. The Company expects to receive RMB1.67 million in September 2023. 2. The remaining outstanding will be repaid within the next 12 months from October 2023.
Really time's trade receivables	4,203,000	HKD2,400,000	>12 months	-	-
Sundry trade receivables	447,000	-	>12 months	-	-
SST	85,000,000	-	>12 months	The amount of RMB85.0 million comprised of RMB35.0 million refundable deposit for investment in SST and RMB50.0 million interest free loan. The holding company of SST is Shenzhen Taifeng Technology Co., Ltd. which held by Tomobo Intelligence Technology Co. Limited. The legal representative of SST is Lou Jin.	If the acquisition does not materialize, SST will refund the refundable deposit within 5 months from the date of notification including the loan.

CDPR's other receivables	2,334,000	-	>12 months	-	-
HBXR's other receivables	1,468,000	-	>12 months	-	-
Sundry other receivables	1,160,000	-	>12 months	-	-
Total	139,436,000				

- b. whether they are major customer(s) and whether the Company continues to transact with these customer(s);

Company's response:

The parties are RTTL's major customers. RTTL would continue trading transaction with these customers when appropriate.

- c. how long are the debts outstanding and in which period the sales were reported;

Company's response:

The outstanding debt has been more than 12 months and the sales were reported in years 2021 to 2022.

- d. what were the actions taken to recover the trade and other receivables; and

Company's response:

Ms Song has been actively communicating with the management and shareholders of the customers to recover the corresponding receivables due. However, the customers have indicated their tight cash flow position due to the impact of the epidemic and the current economic downturn. Ms Song would continue to follow up and recover the due amount as soon as possible.

- e. the Board's assessment of the recoverability of the remaining trade and other receivables.

Company's response:

The remaining trade and other receivables were secured by relevant guarantees and the Chairman of the Group had undertaken its recoverability. The Group believes that these arrears are mainly due to the current economic downturn in China.

The Audit Committee has instructed for (1) the repayment schedule of Kangweijian by December 2023, (2) the immediate refund of the SST deposit given the expiry of the long stop date, and (3) Ms Song to provide an immediate RMB5 million by end August 2023 to support short-term working capital. Ms Song has agreed to provide the funding in December 2023. Ms Song is working on the 3 transactions. Ms Song will update the Company to make the necessary announcement(s) as and when there is any material development.

By Order of the Board

Song Yanan

Non-Executive Chairman

27 November 2023