

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 ANNOUNCEMENTS ON :

- I. 27 DECEMBER 2023 IN RELATION TO THE RESPONSE TO SGX QUERIES**
 - II. 27 NOVEMBER 2023 IN RELATION TO THE DEBT RESTRUCTURING FRAMEWORK –
UPDATE ON HBXR’S TRADE RECEIVABLES OWING BY KANGWEIJIAN**
 - III. 30 MAY 2023 IN RELATION TO THE ENTRY INTO DEED OF TERMINATION**
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Unless otherwise specified, all capitalised terms used herein shall have the meanings ascribed to them in the announcements made by United Food Holdings Limited on 30 May 2023, 27 November 2023 and 27 December 2023.

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 27 December 2023 in relation to the responses to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) with respect to Annual Report for the financial year ended 31 March 2022 (the “**Annual Report FY2022**”), Company’s announcement dated 27 November 2023 in relation to the Debt Restructuring Framework – Update on HBXR’s Trade Receivables owing by Kangweijian and Company’s announcement dated 30 May 2023 in relation to the Entry into Deed of Termination.

The Board wishes to provide its responses to the following questions raised by the SGX-ST:-

SGX-ST Query 1

Noted from the Company’s response to SGX-ST Query 2 that Mr Liu Yang, who is the head of the Company’s in-house internal audit department, is also holding the role as the Chief Marketing Officer. Please substantiate with details on how the AC has assessed that “Mr Liu Yang is able to head the internal audit department” and that “the internal audit was structured with a view to be as independent”, despite the potential conflict of interest from Mr Liu Yang’s concurrent role as the Chief Marketing Officer.

Company’s response:

The in-house internal audit department is responsible for the review of the effectiveness of the Group’s internal controls system and procedures and reports directly to the Audit Committee (“**AC**”) Chairman on internal audit matters.

During FY2022, the AC comprises all Independent Directors reviewed the internal audit findings prepared by the Group’s in-house internal audit department.

The AC noted the below during the review of the internal audit report ended 31 March 2022:

- i. The Company wishes to provide the proper context against which the AC's assessment of the Company's internal audit function at the material time ought to be viewed. There was minimal or zero production activity for Hebei Xingrun Shengwu Keji Gufen Co., Ltd. ("HBXR") and Chengde Purun Shengwu Zhiyao Co., Ltd. ("CDPR") between 2019 and 2021. There was also limited trading activity by Really Time Trading Limited (another subsidiary of the Company, in the food products trading business), with only around RMB 13 million in FY2020 and no trading activity in FY2021. This is relevant to the scale / scope of any internal audit. The AC also had to consider the Group's financial position at the relevant time.
- ii. The Company and the AC concur that there were adequate internal controls in place within the Group addressing financial, operational, information technology controls and compliance risks. In particular, the AC noted that there were no instances of missing funds nor any reports of misconduct or whistleblowing allegations.
- iii. The internal audit team was headed by Mr Liu (the Chief Marketing Officer), who had extensive exposure in internal audit projects in his past working experience which has been elaborated above.
- iv. While the internal audit was not carried out by a separate internal audit department, the internal audit was structured with a view to be as independent as possible as each member audited the activities from other departments, and did not participate in the auditing of activities/ work which he was responsible for.
- v. The Company wishes to highlight that the AC had given due consideration to the need for an effective and independent internal audit function. The AC had also raised with management the outsourcing of the internal audit function for FY2023.

The Company has communicated with an audit firm for the provision of internal audit and would expect to finalise the appointment within 1st quarter of 2024.

SGX-ST Query 2

We refer to the Company's response to SGX-ST Query 3 that mentioned the Debt Restructuring Framework announced by the Company on 27 November 2023. Please clarify who is Jia Yuan Xing Technology (Shenzhen) Partnership Enterprise (Limited Partnership) ("Jia Yuan"), who acts as Party C in the Quartet Agreement stated in the Announcement on 27 November 2023. To also provide details on Jia Yuan's date/place of incorporation, nature of business, key management, directors and substantial shareholders, as well as relationship with the Company and its key management, directors and substantial shareholders.

Company's response:

Jia Yuan Xing Technology (Shenzhen) Partnership Enterprise (Limited Partnership) ("**Jia Yuan Xing**") is an intermediate party to receive equity of Party A as collateral. Party C and Party D shall

bear joint and several guarantee liabilities and compensate Party B for corresponding economic losses in connection with the Debt Restructuring Framework.

The details of Jia Yuan Xing Technology (Shenzhen) Partnership Enterprise (Limited Partnership) (“**Jia Yuan Xing**”) are as follows :

| | | |
|---|---|-------------------------------------|
| Name | : | 甲元兴科技（深圳）合伙企业（有限合伙） |
| Reg. No. | : | 440300219900844 |
| Date of incorporation | : | 5 July 2023 |
| Name of Director/Legal Representative/ | : | Song Ping (宋平) |
| Paid up Capital | : | RMB10million |
| Name of Shareholders | : | Song Yanan (99%) and Song Ping (1%) |
| Principle Activities | : | Investment holding |

Save for Ms Song Yanan, Jia Yuan Xing’s key management, directors and shareholders have no relationships with the Company’s others key management, directors and shareholders.

SGX-ST Query 3

In its response to SGX-ST Query 4, the Company had explained that advance payment to 惠州中凡机电设备有限公司(“ZhongFan”) is required in order for ZhongFan to provide the corresponding LAP equipment. The Company further confirmed that “since the annual report for FY2022 of the Company has just been finalized, the accounting entries of ZhongFan have been properly recorded after the completion of the delivery to KWJ. The claims and debts have been transferred to KWJ in FY2023.” In this regard, please explain why there were no supply or installation of the equipment in respect of the advances of RMB 49.2 million paid to ZhongFan for the financial year ended 31 March 2021 and the auditors were unable to determine whether purchases were properly accounted for. To also state whether this matter will be resolved in the annual report for FY2023.

Company’s response:

The supply and installation of the equipment commenced after FY2021 of the Company. Thereafter, the advances of RMB49.2 million paid to ZhongFan were not recorded in FY2021.

The relevant receivables have been properly recorded and will be resolved in the annual report for FY2023.

SGX Query 4

With reference to the response provided for SGX-ST Query 5, please clarify on the following:

- a. Who is the valuer who provided the valuation report that the impairment was based on? To also state if the valuer is related to the Company and its key management, directors and substantial shareholders.
- b. Please disclose who is Ascent Partners, its date/place of incorporation, nature of business, as well as key management, directors and substantial shareholders. To also explain how is the

Ascent Partners related to the Company and its key management, directors and substantial shareholders.

- c. In relation to the sum of goodwill of RMB3.049 million, the Company had mentioned that “RTTL had provided profit guarantee and had achieved the profit guarantee within the two years. As such, the numbers on the books were just historical records.” Please explain why sum of goodwill had not been recovered in FY2022 since RTTL had achieved the profit guarantee within the two years.

Company’s response:

- a. Who is the valuer who provided the valuation report that the impairment was based on? To also state if the valuer is related to the Company and its key management, directors and substantial shareholders.

Ascent Partners was the valuer. Ascent Partners have no relationships with the Company’s shareholders, directors and key management.

- b. Please disclose who is Ascent Partners, its date/place of incorporation, nature of business, as well as key management, directors and substantial shareholders. To also explain how is the Ascent Partners related to the Company and its key management, directors and substantial shareholders.

Ascent Partners (the “**Valuer**”) has been in the valuation business for over 13 years, serving over hundreds of clients globally and producing thousands of valuation reports for various purposes including but not limited to exchange listing, regulatory compliance, litigation, acquisition, financial reporting, etc. In particular, the Valuer has performed more than 60 business and/or property valuations for listed companies in Hong Kong or Singapore for public disclosure / circular purpose. The director and principal of the Valuer have extensive experience in corporate advisory and valuation of business entities, tangible and intangible assets and financial instruments for private and public companies in various industries. Mr. Paul Wu, the signer of the valuation report, is a Certified Management Accountant (CMA) and Chartered Valuer and Appraiser (CVA). He also holds a Master degree of Science. Prior to working in the financial service industry, Mr. Wu had worked as a senior management in world class technology companies. The Valuer has adopted the International Valuation Standard for the valuation.

Whilst there are no licensing requirements in Singapore and Hong Kong for companies providing business valuation services, there are professional qualifications requirements pertaining to individuals performing property and business valuations. The Royal Institution of Chartered Surveyors (“RICS”) Chartered Surveyor is the recognised qualification for valuation of properties in China. Chartered Valuer & Appraiser (“**CVA**”) and Chartered Financial Analysts (“**CFA**”) are recognised qualifications for valuations of businesses in China and Singapore. CVA is the official certification by Singapore Accountancy Commission for individuals practicing business valuations in Singapore. CFA is an accreditation issued by CFA Institute and is widely accepted as a benchmark of competency in financial analysis and valuation. Ascent Partners has in-house professionals, including two RICS Chartered Surveyors, two CVAs, five CFA and two Chartered Management Accountants (CMA), who are responsible for the respective valuation tasks.

Established in 2008, Ascent Partners has been since providing full range of valuation services covering real estate properties, plant & equipment, business entities, financial instruments, intangible assets and goodwill, and etc. for financial reporting, mergers & acquisitions, pre-IPO investments and management decision-making purposes. Its clients are mostly companies listed on Hong Kong, Singapore, Australia and United Kingdom stock exchanges. Besides, it also serves some sizeable accounting firms as their valuation experts to review their clients' valuations and attend the Court as valuation expert. With headquarters located in Hong Kong, it has now subsidiaries in Shenzhen and Singapore, employing about 15 people.

For the previous experience in the valuation of similar industry and jurisdiction, Ascent Partners has been engaged by the following companies in the industry of Biotech & Pharma, the industry classification of the valuation targets manufacturing animal feeds and additives using biotechnology, and with operations in China.

- Shenzhen Neptunus Interlong Bio-Technique Co., Limited, 8329.HK;
- Lansen Pharmaceutical Holdings Limited, 503.HK;
- Cathay International Holdings Limited, CTI.UK;

Ascent Partners have no relationships with the key management, directors and substantial shareholders of the Company.

- c. In relation to the sum of goodwill of RMB3.049 million, the Company had mentioned that "RTTL had provided profit guarantee and had achieved the profit guarantee within the two years. As such, the numbers on the books were just historical records." Please explain why sum of goodwill had not been recovered in FY2022 since RTTL had achieved the profit guarantee within the two years.

Due to the epidemic, the operations of RTTL have not been restored in FY2022. On a conservative approach, the auditors and management believed that it would be better to restore goodwill during normal operations. Therefore, the goodwill of RTTL has not been recovered in FY2022.

SGX Query 5

We had previously requested for the details of the underlying transactions which gave rise to the amount owing by subsidiaries of RMB 109.4 million, as well as the respective subsidiaries involved to be disclosed under SGX-ST Query 6 but, this was not addressed in the Company's response on 27 December 2023. Please disclose accordingly.

Company's response:

The underlying transactions which gave rise to the among owing by subsidiaries were as follows:

| | FY2022 RMB'000 | Notes |
|--|---------------------------|--------------------|
| Shenzhen Baoyao Agricultural Products Ltd. | 75,000 | Post-Ante disposal |

| | | |
|--------------------------|----------------|-----------|
| RTTL | 16,585 | Operation |
| Yikei International Ltd. | 17,031 | Operation |
| Sundry | 761 | Operation |
| Total | 109,377 | |

SGX Query 6

In its response to SGX-ST Query 9, the Company referred to the announcement “Entry into a Deed of Termination” released on 30 May 2023. We noted that the relative figures under Rule 1006 of the Listing Manual exceeds 75% for the Termination and the Company had neither sought shareholders’ approval nor appoint a competent and independent valuer to value the assets to be disposed pursuant to Rule 1014(2) and 1014(5) of the Listing Manual. The Company also had not submitted the corresponding waiver application to SGX-ST to date, that was previously mentioned under paragraph 9 of the aforementioned announcement on 30 May 2023. Please explain why the Company had not complied with the stated listing rules and state whether the Company had embarked on the Termination.

Company’s response:

Given the Vendors have yet to refund the payment in accordance with the terms of the Deed of Termination, the Company has not commenced any action on this.

Nevertheless, the Company will engage a law firm for this transaction to ensure it would be done in accordance with the relevant Listing Rules as appropriate.

The Chairman of the Group, 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
3 January 2024