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

ENTRY INTO DEED OF TERMINATION

---

1. INTRODUCTION

The Board of Directors (the **"Board"**) of United Food Holdings Limited (the **"Company"** or together with its subsidiaries, the **"Group"**) wishes to announce that the Company and two of the Company's wholly owned subsidiaries, Shenzhen Baoyao Agricultural Products Ltd. ("**SBYAP**") and Brighten Ocean International Ltd. ("**BOI**") (collectively, the "**Purchasers**") had entered into a Deed of Termination (the "**Deed of Termination**") (the "**Termination**") with Chengde Xingxinda Shengwu Keji Co., Ltd. (承德兴新达生物科技有限公司) ("**Vendor A**"), Chengde Pumeida Shengwu Keji Co., Ltd. (承德普美达生物科技有限公司) ("**Vendor B**") and Lin Zhongshi ("**Vendor C**") (collectively, the **Vendors**") in relation to the sale and purchase agreement dated 5 October 2017, as amended and supplemented by the supplemental agreements entered into by the parties on 26 June 2018, 1 October 2018 and 7 June 2019 (the "**SPA**") for the acquisition of (i) 80% of the total equity interests in Hebei Xingrun Shengwu Keji Gufen Co., Ltd. 河北兴润生物科技股份有限公司) ("**HBXR**"), (ii) 80% of the total equity interests in Chengde Purun Shengwu Zhiyao Co., Ltd.(承德普润生物制药有限公) ("**CDPR**") and (iii) 80% of the issued and paid-up share capital of Benchmark Trade Limited ("**Benchmark**") (the "**Target Companies**")

2. DETAILS OF THE TARGET COMPANIES AND VENDORS

The details of the Target Companies and Vendors can be found on the Circular dated 5 July 2018 and an electronic copy of the Circular is available on the website of Singapore Exchange Securities Trading Limited ("**SGX-ST**") at:-

https://links.sgx.com/FileOpen/United%20Food%20-Circular%20on%20Proposed%20Acquisition%20of%20Target%20Companies.ashx?App=Announcement&FileID=513224

3. RATIONALE

As announced by the Company in its quarterly results announcements and updates since 2020, the prolonged COVID-19 outbreak has a significant adverse impact on its businesses. The natural gas supply is required for the production of L-Ascorbyl Palmitate products and the Company did not expect the prolonged delay in the natural gas supply from the local government. The Company had tried to use portable supply of natural gas for interim production but found this to be not cost effective and the supply to be uncertain in local district. The Company has yet to receive any formal notification of the resumption in natural gas supply as of to-date and the attempts to reach out for the government agencies for an update but to no avail.

The Additives related and Animal Feed/Traditional Medicine segments by HBXR and CDPR have been underperforming since its acquisition with shareholders' approval obtained on 20 July 2018 and the Company is not optimistic about the prospects of these businesses going forward.

The entry to the Deed of Termination is in line with the Group's intention to focus and continue exploring other potential growth sectors and unlock the value of an underperforming businesses, so as to strengthen the financial position of the Group in the best interests of the Company and its shareholders.

Following the Termination and refund of the deposit by the Vendors, the SPA shall cease to be of any further force and effect and neither party shall have any obligations under the SPA to the other parties. HBXR and CDPR will cease to be subsidiaries of the Company with immediate effect.

4. REFUND OF PAYMENT

Pursuant to the terms of the Deed of Termination, the Vendors shall refund the payment of RMB25 million the following manner:-

(a) 1st Tranche of RMB2 million within 30 days after the signing of the Deed of Termination.
(b) 2nd Tranche of RMB23 million within 90 days after the signing of the Deed of Termination.

If the Company fails to receive the 2nd Tranche of RMB 23 million within the time limit stipulated in the Deed of Termination, the Company shall have the right to unilaterally terminate the Deed of Termination and the 1st Tranche of RMB2 million will not be refunded.

5. CONDITIONS

Completion of the Deed of Termination is conditional upon:–

(a) All necessary consents or approvals (if any) being granted by third parties or governmental or regulatory bodies or competent authorities having jurisdiction over the transfer of shares or the transactions contemplated under the Deed of Termination (including without limitation, the consent or approval of the SGX-ST but only where required) and where any such consent or approval is subject to any conditions, such conditions being reasonably acceptable to the party on which they are imposed, and if such conditions being fulfilled before completion and such consents or approvals not being revoked or repealed on or before completion; and

(b) Receipt of full refund of RMB25 million.

(collectively, the "**Conditions**").

6. NET PROFITS /VALUE OF ASSETS BEING TERMINATED

Based on the relevant unaudited financial statements as at 31 December 2022, the value of the net assets and net profit/loss being terminated by the Group pursuant to the Deed of Termination are RMB(10,870,402) and RMB(1,825,665) respectively.

The Group is expected to make the following profit on the Termination:-

	RMB'000
Consideration	25,000
Less: Net Asset Value of Additives related and Animal Feed/Traditional Medicine segments	(10,870)
Profit on the Termination	35,870

Note:

(1) A breakdown of the assets and liabilities as at 31 December 2022 is set out below:

	RMB
Assets:	
Investment in subsidiaries	-
Patent	-
Other PPE	405,441
Property, plant and equipment	643,957
Right-of-use assets	19,684,004
Land use rights	727,738
Trade receivables	46,345,150
Inventories	1,779,203
Prepayments, deposits and other receivables	4,132,882
Cash and bank balances	30,545
Inter-co receivables	-
Total assets	**73,748,920**
Liabilities:	
Trade payables	2,564,333
Other payables, deposits received and accruals	20,282,274
Tax payables	1,928,368
Inter-co payables	52,614,684
Loans and borrowings	9,990,000
Deferred tax liabilities	-
Total liabilities	**87,379,659**
Net assets	**-13,630,738**
Attributable to :	
Owners of the Company	**-10,870,402**
Non-controlling interest	**-2,760,336**

Based on the valuation repots for the audited financial statements for the year ended 31 March 2021.

7. FINANCIAL EFFECTS

For illustration purposes only, the table below sets out the financial effects of the Termination based on the following bases and assumptions:-

(a) The audited consolidated financial statements of the Group for the financial year ended 31 March 2021;

(b) The Termination had been completed on 1 April 2020 for the purposes of illustrating the financial effect on the Group's earning's per share ("**EPS**"); and

(c) The Termination had been completed on 31 March 2022 for the purposes of illustrating the financial effect on the Group's net tangible assets ("**NTA**") per share.

	Termination	Termination
Share Capital		
- Issued and paid up share capital (RMB)	18,685,000	18,685,000
- Number of Shares	187,902,647	187,902,647
NTA		
- NTA (RMB)	109,292,000	157,922,000
- Number of Shares	187,902,647	187,902,647
- NTA per Share (RMB)	0.58	0.84
EPS		
- Profit/Loss after tax attributable to owner	-9,046,000	36,900,909
the Company (RMB)		
- Number of Shares	187,902,647	187,902,647
- Profit/Loss per Share (RMB)	-0.05	0.20

The financial effects of the Termination on the Group are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or position of the Group after the completion of the Termination.

8. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures computed on the bases pursuant to Rule 1006(a) to (d) of the Listing Manual of the SGX-ST, in relation to the Termination are as follows:-

Listing Rule	**Bases of Calculation**	**Relative Figures for the Termination (%)**
1006(a)	The net asset value of the assets to be disposed of compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	(79.75%)[(1)]
1006(b)	The net profits/loss attributable to the assets acquired or disposed of, compared with the Group's net profits/loss.	(22.67%)[(2)]
1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalization based on the total number of issued shares excluding treasury shares.	Not applicable[(3)]
1006(c)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable[(4)]
1006(d)	The aggregate volume or amount of proved and probable reserves to tbe disposed of compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable[(4)]

Notes :

(1) Based on the net asset value of the Target Companies of RMB(10,870,402) and the consolidated net asset value of the Group of RMB(13,630,738) as at the financial period ended 31 December 2022.

(2) The unaudited net loss of the Target Companies was RMB(2,269,899) for the financial period ended 31 December 2022. The Group recorded an unaudited consolidated net loss of RMB(10,013,000) for its financial period ended 31 December 2022.

(3) There was no consideration for the termination. The Vendors shall refund the payment paid for the acquisition of the Target Companies.

(4) This is not an acquisition of assets.

The relative figures computed on the bases set out in Rule 1006(a) and Rule(b) of the Listing Manual involve negative figures and that the transaction does not fall within all the situations in paragraphs 4.3 and 4.4 of Practice Note 10.1 of the Listing Manual. In such instance, as stated in Paragraph 4.6 of Practice Note 10.1 of the Listing Manual, the transaction would be deemed as a "Major Transaction" pursuant to Rule 1014 of the Listing Manual of the SGX-ST. Further under Rule 1014(5) of the Listing Manual, where a disposal of assets is one where any of the relative figures as computed on the bases set out in Rule 1006 exceeds 75%, the issuer must appoint a competent and independent valuer to value the assets to be disposed.

9. WAIVER APPLICATION IN RELATION TO RULE 1014 OF THE LISTING MANUAL

The Company will submit an application to the SGX-ST to seek a waiver from compliance with:-

(i) Rule 1014(2) of the Listing Manual ("**Rule 1014(2) Waiver**") on the requirement to seek shareholders' approval for the Termination.

(ii) Rule 1014(5) of the Listing Manual ("**Rule 1014(5) Waiver**") on the requirement to appoint a valuer to assess the value of the Target Companies.

The Company will keep the shareholders updated on the application outcome.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company (other than in their capacity as directors or Shareholders of the Company) has any interest, direct or indirect, in the Termination.

11. DOCUMENTS FOR INSPECTION

A copy of the Deed of Termination will be available for inspection during normal business hours at the Company's secretarial agent office at 38 Beach Road #29-11 South Beach Tower, Singapore 189767, for three (3) months from the date of this announcement.

12. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution when dealing or trading in the shares of the Company. The Termination may be subject to the relevant approvals (if any) from the shareholders of the Company and the SGX-ST (if relevant) being obtained, and to such further terms and conditions as are customary in similar transactions. The Company will provide further details in subsequent announcements in accordance with the listing rules of the SGX-ST at the appropriate junctures. Shareholders and potential investors are advised to consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board

Song Yanan
Non-Executive Chairman
30 May 2023