

## UNITED FOOD HOLDINGS LIMITED

### Unaudited Second Quarter and Half Year Financial Statements and Related Announcement for the Six Months Ended 30 September 2019

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

##### 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 SIX MONTHS ENDED 30 SEPTEMBER 2019

	Note	Group					
		3 months ended			6 months ended		
		30 September 2019	30 September 2018	Change	30 September 2019	30 September 2018	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%	
<b>CONTINUING OPERATIONS</b>							
Revenue	(A)	7,432	19,290	(61.5)	14,251	38,261	(62.8)
Cost of sales		(6,495)	(17,686)	(63.3)	(12,670)	(35,135)	(63.9)
Gross profit	(B)	937	1,604	(41.6)	1,581	3,126	(49.4)
Other income, net	(C)	56	83,375	N/M	113	110,741	N/M
Selling and distribution costs		(270)	(2)	N/M	(643)	(2)	N/M
Administrative expenses	(D)	(4,311)	(1,850)	133.0	(7,403)	(3,436)	115.5
Finance expenses		(291)	(93)	212.9	(583)	(93)	526.9
Other expenses, net		-	-	N/M	(29)	-	N/M
Profit/(loss) before tax		(3,879)	83,034	N/M	(6,964)	110,336	N/M
Income tax expenses		-	(44)	N/M	-	(44)	N/M
Profit/(loss) for the period		(3,879)	82,990	N/M	(6,964)	110,292	N/M
<b>DISCONTINUED OPERATION</b>							
Loss for the period from a discontinued operation		-	-	N/M	-	(4,230)	N/M
Profit/(loss) for the period		(3,879)	82,990	N/M	(6,964)	106,062	N/M
Attributable to:							
Owners of the Company		(3,491)	82,766	N/M	(6,104)	105,567	N/M
Non-controlling interest		(388)	224	N/M	(860)	495	N/M

**Note:** For Notes (A) – (D), 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 SIX MONTHS ENDED 30 SEPTEMBER 2019**

	Group						
	3 months ended			Change	6 months ended		
	30 September 2019	30 September 2018	30 September 2019		30 September 2018	Change	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%	
Profit/(loss) for the period	(3,879)	82,990	N/M	(6,964)	106,062	N/M	
Other comprehensive income/(loss)							
Exchange differences on translation of financial statements of foreign operation	903	170	431.2	1,844	405	355.3	
Total comprehensive profit/(loss) for the period	<u>(2,976)</u>	<u>83,160</u>	<u>(96.4)</u>	<u>(5,120)</u>	<u>106,467</u>	<u>N/M</u>	
Attributable to :							
Owners of the Company	<u>(2,584)</u>	<u>83,255</u>	<u>N/M</u>	<u>(4,250)</u>	<u>106,643</u>	<u>N/M</u>	
Non-controlling interest	<u>(392)</u>	<u>(95)</u>	<u>312.6</u>	<u>(870)</u>	<u>(176)</u>	<u>394.3</u>	
The Group's profit before tax is arrived at after charging:							
	Group						
	3 months ended		Change	6 months ended		Change	
	30 September 2019	30 September 2018		30 September 2019	30 September 2018		
	RMB'000	RMB'000	%	RMB'000	RMB'000	%	
Depreciation of property, plant and equipment							
- Continuing operations	628	-	N/M	1,192	-	N/M	
- Discontinuing operations	-	-	N/M	-	1,469	N/M	
	<u>628</u>	<u>-</u>		<u>1,192</u>	<u>1,469</u>		
Amortisation of land use rights and intangible assets	79	-	N/M	158	717	(78.0)	
Finance cost	291	93	212.9	583	93	526.9	
Gain on disposal of subsidiary	-	-	N/M	-	27,178	N/M	
Gain from bargain purchase	-	83,334	N/M	-	83,334	N/M	

**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 2019**

	Note	Group		Company	
		30/9/2019 RMB'000	31/3/2019 RMB'000	30/9/2019 RMB'000	31/3/2019 RMB'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment in subsidiary		-	-	9	9
Property, plant and equipment	(E)	18,963	20,148	-	-
Land use rights	(E)	10,919	11,010	-	-
Intangible asset - patents	(E)	141,620	141,687	-	-
Goodwill	(F)	12,742	12,742	-	-
		<u>184,244</u>	<u>185,587</u>	<u>9</u>	<u>9</u>
<b>Current assets</b>					
Inventories		2,691	1,518	-	-
Trade receivables	(G)	25,868	14,655	-	-
Other receivables	(H)	81,707	88,121	15,272	15,109
Amount due from subsidiaries		-	-	103,170	98,809
Cash and cash equivalents		79,985	73,832	6,351	226
		<u>190,251</u>	<u>178,126</u>	<u>124,793</u>	<u>114,144</u>
<b>Total assets</b>		<u>374,495</u>	<u>363,713</u>	<u>124,802</u>	<u>114,153</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Issued capital		18,685	15,975	18,685	15,975
Reserves		237,885	232,588	91,730	83,362
Equity attributable to owners of the company		256,570	248,563	110,415	99,337
Non-controlling interest	(I)	29,771	30,641	-	-
		<u>286,341</u>	<u>279,204</u>	<u>110,415</u>	<u>99,337</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	(J)	53,510	49,879	856	898
Amounts due to subsidiaries		-	-	13,531	13,918
Current tax payable		933	919	-	-
Bank loan		10,000	10,000	-	-
Contingent considerations	(K)	17,519	17,519	-	-
		<u>81,962</u>	<u>78,317</u>	<u>14,387</u>	<u>14,816</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities		6,192	6,192	-	-
		<u>6,192</u>	<u>6,192</u>	<u>-</u>	<u>-</u>
<b>Total equity and liabilities</b>		<u>374,495</u>	<u>363,713</u>	<u>124,802</u>	<u>114,153</u>

Note: For Notes (E) 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 30/9/2019</b>		<b>As at 31/3/2019</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>
10,000	23,229	10,000	21,940

**Amount repayable after one year**

<b>As at 30/9/2019</b>		<b>As at 31/3/2019</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**

The bank loan of RMB 10 million is secured by a charge on certain land use right and building

**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 SIX MONTHS ENDED 30 SEPTEMBER 2019**

	Group			
	3 months ended		6 months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RMB'000	RMB'000	RMB'000	RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(loss) before tax				
From continuing operations	(3,879)	83,034	(6,964)	110,336
From a discontinued operation	-	-	-	(4,230)
Adjustments for:	-			
Amortisation of land use rights and intangible assets - patents	79	-	158	717
Depreciation of property, plant and equipment	628	-	1,192	1,469
Translation difference	903	-	1,844	-
Gain on disposal of subsidiary	-	-	-	(27,178)
Gain from bargain purchase	-	(83,334)	-	(83,334)
Finance cost	291	93	583	93
Bank interest income	(56)	(63)	(113)	(251)
Cash flow used in operating activities before working capital changes	(2,034)	(270)	(3,300)	(2,378)
Change in inventories	(316)	(11)	(1,173)	3,015
Change in trade and other receivables	(6,638)	(5,442)	(4,799)	(19,797)
Change in trade and other payables	2,865	5,014	2,356	22,785
Cash used in operations	(6,123)	(709)	(6,916)	3,625
Tax paid	-	-	-	-
Net cash (used in) / generated from operating activities	(6,123)	(709)	(6,916)	3,625
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash received for disposal of a subsidiary	-	-	-	40,000
Cash used for disposal of a subsidiary	-	-	-	(53)
Cash received for acquisition of a subsidiary	-	231	-	231
Cash used for property, plant and equipment	(2)	(71)	(7)	(71)
Interest received	56	63	113	251
Net cash generated from / (used in) investing activities	54	223	106	40,358
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Advance from a shareholder	142	910	1,289	1,284
Proceeds from issue of new shares	12,257	-	12,257	-
Finance cost	(291)	(93)	(583)	(93)
Net cash (used in) / generated from financing activities	12,108	817	12,963	1,191
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>				
	6,039	331	6,153	45,174
Exchange differences	-	170	-	405
Cash and cash equivalents at the beginning of period	73,946	107,218	73,832	62,140
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>79,985</b>	<b>107,719</b>	<b>79,985</b>	<b>107,719</b>

**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 capital	Share premium	Contributed surplus	Accumulated losses	Exchange translation reserve	Statutory reserves	Capital redemption reserve	Non-controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 April 2019	15,975	48,729	397,141	(216,234)	(30)	-	2,982	30,641	279,204
Transactions with the owners recognised directly in equity									
Issue of new shares	2,710	9,547	-	-	-	-	-	-	12,257
Acquisitions of subsidiaries	-	-	-	-	-	-	-	-	-
Total transactions with the owners recognised directly in equity	2,710	9,547	-	-	-	-	-	-	12,257
Total comprehensive income for the period									
Profit/(loss) for the period	-	-	-	(6,104)	-	-	-	(860)	(6,964)
Exchange differences on translation of financial statements of foreign operation	-	-	-	-	1,854	-	-	(10)	1,844
Total comprehensive profit/(loss) for the period	-	-	-	(6,104)	1,854	-	-	(870)	(5,120)
Balance at 30 September 2019	18,685	58,276	397,141	(222,338)	1,824	-	2,982	29,771	286,341
Group									
Group	Issued capital	Share premium	Contributed surplus	Accumulated losses	Exchange translation reserve	Statutory reserves	Capital redemption reserve	Non-controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 April 2018	15,975	48,729	397,141	(311,505)	(1,677)	19,431	2,982	1,545	172,621
Transactions with the owners recognised directly in equity									
Issue of new shares	-	-	-	-	-	-	-	-	-
Acquisitions of subsidiaries	-	-	-	-	-	-	-	50,834	50,834
Total transactions with the owners recognised directly in equity	-	-	-	-	-	-	-	50,834	50,834
Total comprehensive income for the period									
Profit/(Loss) for the period	-	-	-	105,567	-	-	-	495	106,062
Exchange differences on translation of financial statements of foreign operation	-	-	-	-	1,076	-	-	(671)	405
Total comprehensive loss for the period	-	-	-	105,567	1,076	-	-	(176)	106,467
Balance at 30 September 2018	15,975	48,729	397,141	(205,938)	(601)	19,431	2,982	52,203	329,922

Company								
	Issued capital	Share premium	Contributed surplus	Accumulated losses	Exchange translation reserve	Capital redemption reserve	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 April 2019	15,975	48,729	397,141	(363,322)	(2,168)	2,982	99,337	
Transactions with the owners recognised directly in equity								
Issue of new shares	2,710	9,547	-	-	-	-	12,257	
Acquisitions of subsidiaries	-	-	-	-	-	-	-	
Total transactions with the owners recognised directly in equity	2,710	9,547	-	-	-	-	12,257	
Total comprehensive income for the period								
Loss for the period	-	-	-	(2,436)	-	-	(2,436)	
Exchange differences on translation of financial statements of foreign operation	-	-	-	-	1,257	-	1,257	
Total comprehensive income for the period	-	-	-	(2,436)	1,257	-	(1,179)	
Balance at 30 September 2019	18,685	58,276	397,141	(365,758)	(911)	2,982	110,415	
Company								
	Issued capital	Share premium	Contributed surplus	Accumulated losses	Exchange translation reserve	Capital redemption reserve	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 April 2018	15,975	48,729	397,141	(432,322)	(4,219)	2,982	28,286	
Transactions with the owners recognised directly in equity								
Issue of new shares	-	-	-	-	-	-	-	
Acquisitions of subsidiaries	-	-	-	-	-	-	-	
Total transactions with the owners recognised directly in equity	-	-	-	-	-	-	-	
Total comprehensive income for the period								
Profit for the period	-	-	-	72,320	-	-	72,320	
Exchange differences on translation of financial statements of foreign operation	-	-	-	-	2,768	-	2,768	
Total comprehensive loss for the period	-	-	-	72,320	2,768	-	75,088	
Balance at 30 September 2018	15,975	48,729	397,141	(360,002)	(1,451)	2,982	103,374	

**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.**

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 2019 and 31 March 2019.

The acquisition of Hebei XingrunShengwuKejiGufen Co., Ltd. (“HBXR”), Chengde PurunShengwuZhiyao Co., Ltd. (“CDPR”) and Benchmark Trade Limited (“Benchmark”) (the “Acquisition”) was approved at the Special General Meeting (“SGM”) held on 20 July 2018, and completed in end September 2018. Per the Acquisition circular dated 8 July 2018, the balance purchase price of RMB85,000,000 will be paid by issuance of convertible bond in three tranches subject to the aggregate net profit after tax of the companies shall not be less than RMB25,000,000 for each of FY2019, FY2020, and FY2021 (collectively).

The Company had entered into a supplemental agreement with the parties on 7 June 2019 (the “2019 Supplemental Agreement”). The key amendments of the 2019 Supplemental Agreement amongst others including each of the First Bond Subscription Date, Second Bond Subscription Date, and Third Bond Subscription Date to be the date falling not more than 120 days from the financial year end of FY2020, FY2021, and FY2022 respectively. Assuming a full conversion of the principal amount of RMB85,000,000 in bonds to be issued, the 38,576,307 Conversion Shares will be issued in FY2023.

**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 ordinary shares (par value of HK\$0.10 each) <b>2019</b>	Number of ordinary shares (par value of HK\$0.10 each) <b>2018</b>
Issued and fully paid:		
As at 1 April	157,901,384	157,901,384
Issuance of new shares during the six months period	30,001,263	-
<b>As at 30 September</b>	<b>187,902,647</b>	<b>157,901,384</b>

The Company did not hold any treasury shares as at 30 September 2019 and 31 March 2019.

The acquisition of Hebei XingrunShengwuKejiGufen Co., Ltd. (“HBXR”), Chengde PurunShengwuZhiyao Co., Ltd. (“CDPR”) and Benchmark Trade Limited (“Benchmark”) (the “Acquisition”) was approved at the Special General Meeting (“SGM”) held on 20 July 2018, and completed in end September 2018. Per the Acquisition circular dated 8 July 2018, the balance purchase price of RMB85,000,000 will be paid by issuance of convertible bond in three tranches subject to the aggregate net profit after tax of the companies shall not be less than RMB25,000,000 for each of FY2019, FY2020, and FY2021 (collectively).



The Company had entered into 2019 Supplemental Agreement. The key amendments of the 2019 Supplemental Agreement amongst others including each of the First Bond Subscription Date, Second Bond Subscription Date, and Third Bond Subscription Date to be the date falling not more than 120 days from the financial year end of FY2020, FY2021, and FY2022 respectively. Assuming a full conversion of the principal amount of RMB85,000,000 in bonds to be issued, the 38,576,307 Conversion Shares will be issued in FY2023.

**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)**

N/A

**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 March 2019.

**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 2019, which included SFRS(I)16-Leases 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		6 months ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	RMB	RMB	RMB	RMB
<b>PROFIT/(LOSS) PER ORDINARY SHARE</b>				
(i) Based on weighted average number of ordinary shares in issue				
- For profit (loss) for the period	(0.02)	0.52	(0.04)	0.67
- For profit (loss) from continuing operations for the period	(0.02)	0.52	(0.04)	0.70
- For (loss) from discontinued operations for the period	-	-	-	(0.03)
(ii) On a fully diluted basis				
- For profit (loss) for the period	(0.02)	0.42	(0.03)	0.54
- For profit (loss) from continuing operations for the period	(0.02)	0.42	(0.03)	0.56
- For (loss) from discontinued operations for the period	-	-	-	(0.02)

- (i) Profit/(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 six months ended 30 September 2019 of 168,662,707 and 163,311,448 shares (three and six months ended 30 September 2018 of 157,901,384 and 157,901,384 shares).
- (ii) There were potential dilutive ordinary shares in existence for the three and six months ended 30 September 2019 and 30 September 2018, respectively, diluted number of shares three and six months ended 30 September 2019 of 207,239,014 and 201,887,755 shares (three and six months ended 30 September 2018 of 196,477,691 and 196,477,691 shares).
- (iii) a. The acquisition of Hebei XingrunShengwuKejiGufen Co., Ltd. (“HBXR”), Chengde PurunShengwuZhiyao Co., Ltd. (“CDPR”) and Benchmark Trade Limited (“Benchmark”) (the “Acquisition”) was approved at the Special General Meeting (“SGM”) held on 20 July 2018, and completed in end September 2018. Per the Acquisition circular dated 8 July 2018, the balance purchase price of RMB85,000,000 will be paid by issuance of convertible bond in three tranches subject to the aggregate net profit after tax of the companies shall not be less than RMB25,000,000 for each of FY2019, FY2020, and FY2021 (collectively).
- b. The Company had entered into the 2019 Supplemental Agreement. The key amendments of the 2019 Supplemental Agreement amongst others including each of the First Bond Subscription Date, Second Bond Subscription Date, and Third Bond Subscription Date to be the date falling not more than 120 days from the financial year end of FY2020, FY2021, and FY2022 respectively. Assuming a full conversion of the principal amount of RMB85,000,000 in bonds to be issued, the 38,576,307 Conversion Shares will be issued in FY2023.

**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	
	30/9/2019	31/3/2019	30/9/2019	31/3/2019
	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	1.37	1.57	0.59	0.63

The net asset value for the Group and the Company per ordinary share were calculated based on 187,902,647 shares and 157,901,384 shares in issue as at 30 September 2019 and 31 March 2019 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 RMB7.4 million in the second quarter ended 30 September 2019 ("2Q2020") compared to RMB19.3 million in 2Q2018/2019, representing a decrease by 61.5%. The revenue of RMB4.2 million was from Trading Segment, while RMB3.2 million was from Animal Pre-mixed Segment. The business environment was affected by the US-China trade conflict and this has impacted the Group's sales.

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

#### Gross profit

The Group recorded a gross profit margin of 12.6% in 2Q2020, in which gross profit margin of 7.5% and 19.2% were contributed by the Trading Segment and Animal Pre-mixed Segment respectively, compared to gross profit margin of 8.3% mainly contributed by Trading Segment in 2Q2018/2019.

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

Other income of RMB0.056 million in 2Q2020 was mainly interest income.

### **(D) Administrative expenses**

Administrative expenses increased by 133.0% in 2Q2020 compared to 2Q2018/2019, mainly due to the increase expenses incurred with the consolidation of the administrative expenses of C DPR and HBXR.

### **(E) PPE, land use rights, intangible assets**

The decrease in PPE, land use rights and intangible assets was mainly attributable to depreciation and amortization charges.

### **(F) Goodwill**

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

### **(G) Trade receivables**

Trade receivables were mainly the receivables from Really Time Trading Limited.

### **(H) Other receivables**

Other receivables include deposits paid to the vendors of one 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. The potential acquisition projects have business operations which are similar in scope to

the Group. The proceeds from disposal of SQ Grease of RMB15 million is also expected to be received in December 2019.

**(I) Non-controlling interest.**

Non-controlling interest is the Minority shareholder interest from Really Time Trading Limited, HBXR, CDPR and Benchmark.

**(J) 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 and CDPR. Also, included in other payables was a cash purchase consideration from acquisition of new subsidiaries of RMB10 million have not yet paid as at 30 September 2019.

**(K) Contingent consideration**

Contingent consideration arose from the Acquisition which was completed in September 2018. This is the convertible bond contingent on the profit guarantee of the vendors. The contingent consideration is classified as financial liability measured at fair value, changes in fair value is recognized in profit and loss.

**(L) Cash flow statement**

Net cash flow of RMB6.0 million was generated in 2Q2020, in which net cash of 6.1 million was used in operating activities, and net cash of 12.1 million was generated from financing activities due to proceeds from issue of new shares and completed in end of August 2019.

**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 2019.

**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**

Despite challenging market conditions with the prolonged trade war between China and US, the Group continues to focus on sales and expansion of market share leveraging on its network and actively sourcing for new customers including venturing other means of new income stream for its L-Ascorbyl Palmitate license.

**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 as the Company has incurred a net loss for 2Q2020.

**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 Six Months Ended 30 September 2019**

Pursuant to Rule 920 of the SGX-ST's Listing Manual, details of the aggregate value of interested person transactions entered into for the six months ended 30 September 2019, were as follows: -

The Company does not have an IPT Mandate.

**15. Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purposes, a breakdown with specific details on how the proceeds have been applied must be disclosed**

For the 2Q2020, funds from the Net Proceeds raised from the Placement of 30,001,263 new ordinary shares have been utilised and the details were as depicted in table below:-

Table showing utilisation of Net Proceeds

<b>Intended use of proceeds</b>	<b>Amount allocated</b>	<b>Amount utilised</b>	<b>Balance</b>
Exploration of investments, acquisitions, strategic alliances and/or joint ventures	S\$1,649,970.70	S\$143,509.70	S\$1,506,461.00
General working capital	S\$707,130.30	S\$707,130.30	Nil

To date, the utilisation of the net proceeds arising from the Placement is consistent with the intended use as disclosed in the announcements released on 5 July 2019, 13 August 2019, 23 August 2019 and 29 August 2019.

The Company will make further announcements via SGXNet on the use of the remaining proceeds as and when they are materially disbursed.

**16. 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 six months ended 30 September 2019 to be false or misleading in any material aspect.

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

**Wu Xiaoran  
Director  
13 November 2019**