

## FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::THIRD QUARTER RESULTS

### Issuer & Securities

#### Issuer/ Manager

UNITED FOOD HOLDINGS LIMITED

#### Securities

UNITED FOOD HOLDINGS LIMITED - BMG9232V2045 - AZR

#### Stapled Security

No

### Announcement Details

#### Announcement Title

Financial Statements and Related Announcement

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#### Submitted By (Co./ Ind. Name)

Song Yanan

#### Designation

Non-Executive Chairman

#### Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please see attached.

### Additional Details

#### For Financial Period Ended

31/12/2019

### Attachments

[United%20Food%20-%203Q2020%20Results.pdf](#)

Total size =514K MB

The Quarterly Announcement is mandatory, made pursuant to the Exchange's requirements, as required under Listing Rule 705(2C).

## UNITED FOOD HOLDINGS LIMITED

### Third Quarter Financial Statements for the Nine Months Ended 31 December 2019

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

The figures presented below have not been audited.

#### 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 NINEMONTHS ENDED 31 DECEMBER 2019

	Note	Group					
		3 months ended			9 months ended		
		31 December 2019 RMB'000	31 December 2018 RMB'000	Change %	31 December 2019 RMB'000	31 December 2018 RMB'000	Change %
<b>CONTINUING OPERATIONS</b>							
Revenue	(A)	6,257	35,307	(82.3)	20,508	73,568	(72.1)
Cost of sales		(3,523)	(32,529)	(89.2)	(16,193)	(67,664)	(76.1)
Gross profit	(B)	2,734	2,778	(1.6)	4,315	5,904	(26.9)
Other income, net	(C)	54	84	N/M	167	109,943	N/M
Selling and distribution costs		(277)	(50)	454.0	(920)	(52)	N/M
Administrative expenses	(D)	(2,474)	(3,795)	(34.8)	(9,877)	(6,349)	55.6
Finance expenses		(269)	(288)	(6.6)	(852)	(381)	123.6
Other expenses, net		8	-	N/M	(21)	-	N/M
Profit/(loss) before tax from continuing operations		(224)	(1,271)	(82.4)	(7,188)	109,065	N/M
Income tax expenses		(6)	(869)	N/M	(6)	(913)	N/M
Profit/(loss) for the period from continuing operations		(230)	(2,140)	(89.3)	(7,194)	108,152	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		(230)	(2,140)	(89.3)	(7,194)	103,922	N/M
Attributable to :							
Owners of the Company		(297)	(2,125)	(86.0)	(6,401)	103,442	N/M
Non-controlling interest		67	(15)	N/M	(793)	480	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 NINE MONTHS ENDED 31 DECEMBER 2019**

	Group					
	3 months ended			9 months ended		
	31 December 2019	31 December 2018	Change	31 December 2019	31 December 2018	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Profit/(loss) for the period	(230)	(2,140)	(89.3)	(7,194)	103,922	N/M
Other comprehensive income/(loss)						
Exchange differences on translation of financial statements of foreign operation	(329)	793	N/M	1,515	1,198	26.5
Total comprehensive profit/(loss) for the period	<u>(559)</u>	<u>(1,347)</u>	<u>(58.5)</u>	<u>(5,679)</u>	<u>105,120</u>	<u>N/M</u>
Attributable to :						
Owners of the Company	<u>(626)</u>	<u>(1,525)</u>	<u>(59.0)</u>	<u>(4,876)</u>	<u>105,118</u>	<u>N/M</u>
Non-controlling interest	<u>67</u>	<u>178</u>	<u>(62.4)</u>	<u>(803)</u>	<u>2</u>	<u>N/M</u>
<b>The Group's profit before tax is arrived at after charging:</b>						
	Group					
	3 months ended	3 months ended		9 months ended	9 months ended	
	31 December 2019	31 December 2018	Change	31 December 2019	31 December 2018	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Depreciation of property, plant and equipment						
- Continuing operations	567	474	19.5	1,759	474	270.8
- Discontinuing operations	-	-	N/M	-	1,469	N/M
	<u>567</u>	<u>474</u>	<u>19.5</u>	<u>1,759</u>	<u>1,943</u>	<u>(9.5)</u>
Amortisation of land use rights and intangible assets	79	112	(29.2)	237	829	(71.4)
Finance cost	269	288	(6.6)	852	381	123.6
Gain on disposal of subsidiary	-	-	N/M	-	27,178	N/M
Gain from bargain purchase	-	-	N/M	-	82,453	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 31 DECEMBER 2019**

	Note	Group		Company	
		31/12/2019 RMB'000	31/3/2019 RMB'000	31/12/2019 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)	18,409	20,148	-	-
Land use rights	(E)	10,874	11,010	-	-
Intangible asset - patents	(E)	141,586	141,687	-	-
Goodwill	(F)	12,742	12,742	-	-
		<u>183,611</u>	<u>185,587</u>	<u>9</u>	<u>9</u>
<b>Current assets</b>					
Inventories		2,580	1,518	-	-
Trade receivables	(G)	27,962	14,655	-	-
Other receivables	(H)	90,490	88,121	16,037	15,109
Short-term investment	(I)	40,000	-	-	-
Amount due from subsidiaries		-	-	104,934	98,809
Cash and cash equivalents		28,875	73,832	2,735	226
		<u>189,907</u>	<u>178,126</u>	<u>123,706</u>	<u>114,144</u>
<b>Total assets</b>		<u>373,518</u>	<u>363,713</u>	<u>123,715</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		237,259	232,588	91,093	83,362
Equity attributable to owners of the company		255,944	248,563	109,778	99,337
Non-controlling interest	(J)	29,938	30,641	-	-
		<u>285,882</u>	<u>279,204</u>	<u>109,778</u>	<u>99,337</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	(K)	52,996	49,879	499	898
Amounts due to subsidiaries		-	-	13,438	13,918
Current tax payable		929	919	-	-
Bank loan		10,000	10,000	-	-
Contingent considerations	(L)	17,519	17,519	-	-
		<u>81,444</u>	<u>78,317</u>	<u>13,937</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>373,518</u>	<u>363,713</u>	<u>123,715</u>	<u>114,153</u>

**Note: For Notes (E) to (L), 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 31/12/2019</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	22,839	10,000	21,940

**Amount repayable after one year**

<b>As at 31/12/2019</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 NINE MONTHS ENDED 31 DECEMBER 2019**

	Group			
	3 months ended		9 months ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	RMB'000	RMB'000	RMB'000	RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(loss) before tax				
From continuing operations	(224)	(1,271)	(7,188)	109,065
From a discontinued operation	-	-	-	(4,230)
Adjustments for:	-			
Amortisation of land use rights and intangible assets - patents	79	112	237	829
Depreciation of property, plant and equipment	567	474	1,759	1,943
Translation difference	(329)	-	1,515	-
Gain on disposal of subsidiary	-	-	-	(27,178)
Gain from bargain purchase	-	882	-	(82,453)
Finance cost	269	288	852	381
Bank interest income	(54)	(62)	(167)	(313)
Cash flow used in operating activities before working capital changes	308	423	(2,992)	(1,956)
Change in inventories	111	(507)	(1,062)	2,508
Change in trade and other receivables	(10,877)	3,772	(15,676)	(16,025)
Change in trade and other payables	(134)	(38,453)	2,222	(15,668)
Cash used in operations	(10,592)	(34,765)	(17,508)	(31,140)
Tax paid	-	-	-	-
Net cash (used in) / generated from operating activities	(10,592)	(34,765)	(17,508)	(31,140)
<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	-	103	-	334
Cash used for property, plant and equipment	(13)	(168)	(20)	(239)
Cash used for short-term investment	(40,000)	-	(40,000)	-
Interest received	54	62	167	313
Net cash generated from / (used in) investing activities	(39,959)	(3)	(39,853)	40,355
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Advance from (repayment to) a shareholder	(390)	921	899	2,205
Proceeds from issue of new shares	100	-	12,357	-
Finance cost	(269)	(288)	(852)	(381)
Net cash (used in) / generated from financing activities	(559)	633	12,404	1,824
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(51,110)	(34,135)	(44,957)	11,039
Exchange differences	-	793	-	1,198
Cash and cash equivalents at the beginning of period	79,985	107,719	73,832	62,140
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	28,875	74,376	28,875	74,376

**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	-	-	-	-	-	100	12,357
Acquisitions of subsidiaries	-	-	-	-	-	-	-	-	-
Total transactions with the owners recognised directly in equity	2,710	9,547	-	-	-	-	-	100	12,357
Total comprehensive income for the period									
Profit/(loss) for the period	-	-	-	(6,401)	-	-	-	(793)	(7,194)
Exchange differences on translation of financial statements of foreign operation	-	-	-	-	1,525	-	-	(10)	1,515
Total comprehensive profit/(loss) for the period	-	-	-	(6,401)	1,525	-	-	(803)	(5,679)
Balance at 31 December 2019	18,685	58,276	397,141	(222,635)	1,495	-	2,982	29,938	285,882
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	-	-	-	-	-	-	-	50,635	50,635
Total transactions with the owners recognised directly in equity	-	-	-	-	-	-	-	50,635	50,635
Total comprehensive income for the period									
Profit/(Loss) for the period	-	-	-	103,442	-	-	-	480	103,922
Exchange differences on translation of financial statements of foreign operation	-	-	-	-	1,676	-	-	(478)	1,198
Total comprehensive loss for the period	-	-	-	103,442	1,676	-	-	2	105,120
Balance at 31 December 2018	15,975	48,729	397,141	(208,063)	(1)	19,431	2,982	52,182	328,376

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	-	-	-	(2,838)	-	-	(2,838)	
Exchange differences on translation of financial statements of foreign operation	-	-	-	-	1,022	-	1,022	
Total comprehensive income for the period	-	-	-	(2,838)	1,022	-	(1,816)	
Balance at 31 December 2019	18,685	58,276	397,141	(366,160)	(1,146)	2,982	109,778	
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	-	-	-	71,108	-	-	71,108	
Exchange differences on translation of financial statements of foreign operation	-	-	-	-	2,649	-	2,649	
Total comprehensive loss for the period	-	-	-	71,108	2,649	-	73,757	
Balance at 31 December 2018	15,975	48,729	397,141	(361,214)	(1,570)	2,982	102,043	



**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 31December 2019 and 31 March 2019.

The acquisition of Hebei Xingrun Shengwu Keji Gufen Co., Ltd. (“HBXR”), Chengde Purun Shengwu Zhiyao 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 nine months period	30,001,263	-
As at 31 December	<u>187,902,647</u>	<u>157,901,384</u>

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

The Acquisition was approved at the 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

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

a) Updates on the efforts taken to resolve each outstanding audit issue.

**1. Auditor's report for the financial period ended 31 March 2019**

**(i) Discontinued operations and Disposal group classified as held for sale**

The auditors' report dated 24 June 2019 on the financial statements for the financial period ended 31 March 2019 contained a modified opinion as the auditors were denied access by the new owners to the financial information and management accounts of the Discontinued operations and Disposal group classified as held for sale that were disposed of in May 2018. The auditors stated that they were unable to carry out the procedures to satisfy themselves as to the extent of the loss of RMB17.1 million on discontinued operations for the 5-months period prior to the disposition of the subsidiaries and the reported gain on disposal of subsidiaries to the sum of RMB27.2 million arising from the disposal that has been included in the consolidated statement of profit or loss and comprehensive income of the Group for the 15-month period ended 31 March 2019.

The Company's Executive Director had contacted the head office of the Purchaser several times, but they responded that they were not allowed to provide the financial management information and related books and records to our auditor due to their company's ongoing technology and onsite developments which is confidential. Despite the efforts made by management, the denial of access by the Purchaser is beyond the control of the Company's Board and management.

- (ii) Occurrence and accuracy of payroll expenses for redundant employees of RMB 3.4 million incurred by a subsidiary of the Group for the year ended 31 December 2017 (“FY2017 Payroll Expenses”)

Management considers this issue to be resolved as the disposal of subsidiaries was completed in May 2018 and is of the view that the FY2017 Payroll Expenses did not have any impact on the current or comparative figures for the current financial year ending 31 March 2020.

- b) Confirmation from the Board that the impact of all outstanding audit issues in the financial statements have been adequately disclosed.

The Board confirmed that the impact of all outstanding audit issues in the financial statements have been adequately disclosed.

**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, 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		9 months ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 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	(0.002)	(0.01)	(0.04)	0.66
- For profit (loss) from continuing operations for the period	(0.002)	(0.01)	(0.04)	0.69
- For (loss) from discontinued operations for the period	-	-	-	(0.03)
(ii) On a fully diluted basis				
- For profit (loss) for the period	(0.001)	(0.01)	(0.03)	0.53
- For profit (loss) from continuing operations for the period	(0.001)	(0.01)	(0.03)	0.55
- 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 nine months ended 31 December 2019 of 187,902,647 and 171,538,322 shares (three and nine months ended 31 December 2018 of 157,901,384 and 157,901,384 shares).

- (ii) There were potential dilutive ordinary shares in existence for the three and nine months ended 31 December 2019 and 31 December 2018, respectively, diluted number of shares three and nine months ended 31 December 2019 of 226,478,954 and 210,114,629 shares (three and nine months ended 31 December 2018 of 196,477,691 and 196,477,691 shares).
- (iii) a. The Acquisition was approved at the 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	
	31/12/2019	31/3/2019	31/12/2019	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	1.36	1.57	0.58	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 31 December 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 from operations**

The Group recorded revenue of RMB6.3 million in the third quarter ended 31 December 2019 ("3Q2020") compared to RMB35.3 million in 3Q2018/2019, representing a decrease of 82.3%. The revenue of RMB2.2 million was from the Trading Segment, while the revenue of RMB4.1 million was from L-Ascorbyl Palmitate 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 43.7% in 3Q2020, in which gross profit margin of 5.3% and 64.2% were contributed by the trading segment and L-Ascorbyl Palmitate segment respectively, compared to gross profit margin of

7.9% mainly contributed by trading segment in 3Q2018/2019. Higher gross profit margin was achieved for the period under review mainly due to the provision of services in supply, installation, technical and consultation for L-Ascorbyl Palmitate segment.

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

Other income of RMB0.054 million in 3Q2020 mainly was interest income, compared to other income of RMB0.084 million in 3Q2018/2019.

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

Administrative expenses decreased by 34.8% in 3Q2020 compared to 3Q2018/2019, mainly due to absence of professional expenses for the period under review.

#### **(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 are 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 March 2020.

#### **(I) Short-term investment.**

The Group has a short-term investment of RMB40.0 million in a low-risk fund managed by a licensed fund company in China under Shenzhen Zheng Hui Cai Fu Zi Chan Guan Li Co., Ltd., with reasonable return.

#### **(J) Non-controlling interest.**

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

#### **(K) 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 is a cash purchase consideration from acquisition of new subsidiaries of RMB10 Million which have not yet paid as at 31 December 2019.

#### **(L) 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 recognised in profit and loss. In view of the COVID-19 outbreak, profit guarantee of the vendors for FY2020 might not be met.

## (M)Cash flow statement

Net cashflow of RMB51.1 million was used in 3Q2020, in which net cash of RMB10.6 million was used in operating activities, and net cash of RMB40.0 million was used in investing activities due to short-term investment in end of December 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 6 March 2020.

### **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. The Company is also exploring the potential market for its L-Ascorbyl Palmitate in other agricultural countries.

The Group expect the prolonged COVID-19 outbreak to have adverse effect on its businesses. While Shenzhen office had fully resumed operation, other offices situated at northern part of China are not operating in full force due to travel restriction imposed by the local government. The Group is unable to quantify the impact at this point in time.

### **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 3Q2020.

**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 Nine Months Ended 31 December 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 nine months ended 31 December 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 3Q2020, 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 nine months ended 31 December 2019 to be false or misleading in any material aspect.

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

**Wu Xiaoran  
Director  
12 March 2020**