

## UNITED FOOD HOLDINGS LIMITED

### Half-Year / Second Quarter Financial Statement

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

#### 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

#### CONSOLIDATED INCOME STATEMENT FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2013

|                                   | Notes | 3 months ended      |                     | Group       |                     |                     | Change<br>% |
|-----------------------------------|-------|---------------------|---------------------|-------------|---------------------|---------------------|-------------|
|                                   |       | 30/06/13<br>RMB'000 | 30/06/12<br>RMB'000 | Change<br>% | 30/06/13<br>RMB'000 | 30/06/12<br>RMB'000 |             |
| Revenue                           | (A)   | 1,204,663           | 1,267,973           | (4.99)      | 2,450,524           | 2,481,623           | (1.25)      |
| Cost of sales                     | (B)   | (1,234,871)         | (1,337,736)         | (7.69)      | (2,506,542)         | (2,541,630)         | (1.38)      |
| Gross loss                        |       | (30,208)            | (69,763)            | (56.70)     | (56,018)            | (60,007)            | (6.65)      |
| Other income and gains            | (C)   | 2,945               | 1,716               | 71.62       | 5,655               | 4,650               | 21.61       |
| Selling and distribution expenses |       | (2,810)             | (2,691)             | 4.42        | (5,121)             | (5,071)             | 0.99        |
| Administrative expenses           |       | (6,743)             | (7,056)             | (4.44)      | (13,699)            | (14,048)            | (2.48)      |
| Other expenses, net               | (D)   | (3,606)             | (342)               | N/M         | (7,314)             | (699)               | N/M         |
| Loss before tax                   |       | (40,422)            | (78,136)            | (48.27)     | (76,497)            | (75,175)            | 1.76        |
| Tax                               | (E)   | -                   | -                   |             | -                   | -                   |             |
| Loss for the period               |       | (40,422)            | (78,136)            | (48.27)     | (76,497)            | (75,175)            | 1.76        |
| Attributable to:                  |       |                     |                     |             |                     |                     |             |
| Owners of the Company             |       | (40,422)            | (78,136)            | (48.27)     | (76,497)            | (75,175)            | 1.76        |
| LOSS PER SHARE                    |       |                     |                     |             |                     |                     |             |
| -Basic                            |       | (RMB0.04)           | (RMB0.07)           | (48.24)     | (RMB0.07)           | (RMB0.07)           | 1.77        |
| -Diluted                          |       | N/A                 | N/A                 |             | N/A                 | N/A                 |             |

**Note:** For Notes (A) to (E), please refer to item 8 for further analysis.  
 N/M – Not Meaningful

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2013**

|   | <b>Group</b>          |                 |                |                       |                 |               |
|---|-----------------------|-----------------|----------------|-----------------------|-----------------|---------------|
|   | <b>3 months ended</b> |                 |                | <b>6 months ended</b> |                 |               |
|   | <b>30/06/13</b>       | <b>30/06/12</b> | <b>Change</b>  | <b>30/06/13</b>       | <b>30/06/12</b> | <b>Change</b> |
|   | <b>RMB'000</b>        | <b>RMB'000</b>  | <b>%</b>       | <b>RMB'000</b>        | <b>RMB'000</b>  | <b>%</b>      |
| Loss for the period   | (40,422)              | (78,136)        | (48.27)        | (76,497)              | (75,175)        | 1.76          |
| Other comprehensive expense   | -                     | -               |                | -                     | -               | -             |
| Total comprehensive expense<br>attributable to owners of the<br>Company | <u>(40,422)</u>       | <u>(78,136)</u> | <u>(48.27)</u> | <u>(76,497)</u>       | <u>(75,175)</u> | <u>1.76</u>   |

**Loss before tax is arrived at after charging the followings:**

|                                 | <b>Group</b>          |                 |               |                       |                 |               |
|---------------------------------|-----------------------|-----------------|---------------|-----------------------|-----------------|---------------|
|                                 | <b>3 months ended</b> |                 |               | <b>6 months ended</b> |                 |               |
|                                 | <b>30/06/13</b>       | <b>30/06/12</b> | <b>Change</b> | <b>30/06/13</b>       | <b>30/06/12</b> | <b>Change</b> |
|                                 | <b>RMB'000</b>        | <b>RMB'000</b>  | <b>%</b>      | <b>RMB'000</b>        | <b>RMB'000</b>  | <b>%</b>      |
| Amortization of land use rights | 2,124                 | 2,124           | -             | 4,249                 | 4,249           | -             |
| Depreciation                    | 21,987                | 22,923          | (4.08)        | 44,097                | 45,794          | (3.71)        |
| Research and development cost   | 394                   | 341             | 15.54         | 762                   | 692             | 10.12         |

**1(b)(i) A statement of financial positions (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 JUNE 2013**

|  | Notes | Group               |                     | Company             |                     |
|--|-------|---------------------|---------------------|---------------------|---------------------|
|  |       | 30/06/13<br>RMB'000 | 31/12/12<br>RMB'000 | 30/06/13<br>RMB'000 | 31/12/12<br>RMB'000 |
| <b>NON-CURRENT ASSETS</b>                      |       |                     |                     |                     |                     |
| Investment in subsidiaries                     |       | -                   | -                   | 223,738             | 223,738             |
| Property, plant and equipment                  |       | 411,249             | 453,877             | -                   | -                   |
| Land use rights                                |       | 70,311              | 74,560              | -                   | -                   |
| Total non-current assets                       |       | <u>481,560</u>      | <u>528,437</u>      | <u>223,738</u>      | <u>223,738</u>      |
| <b>CURRENT ASSETS</b>                          |       |                     |                     |                     |                     |
| Inventories                                    | (F)   | 516,089             | 576,386             | -                   | -                   |
| Biological assets                              | (G)   | 40,976              | 44,404              | -                   | -                   |
| Trade receivables                              | (H)   | 63,594              | 70,286              | -                   | -                   |
| Amounts due from subsidiaries                  |       | -                   | -                   | 545,073             | 551,274             |
| Prepayments, deposits and other receivables    |       | 44,889              | 43,293              | -                   | -                   |
| Restricted bank deposits                       | (I)   | 281,050             | 444,327             | -                   | -                   |
| Cash and bank balances                         | (I)   | 50,227              | 24,963              | 2,705               | 65                  |
| Total current assets                           |       | <u>996,825</u>      | <u>1,203,659</u>    | <u>547,778</u>      | <u>551,339</u>      |
| <b>CURRENT LIABILITIES</b>                     |       |                     |                     |                     |                     |
| Trade payables                                 | (J)   | 11,289              | 191,912             | -                   | -                   |
| Other payables, deposits received and accruals | (K)   | 47,304              | 42,964              | 65                  | 730                 |
| Total current liabilities                      |       | <u>58,593</u>       | <u>234,876</u>      | <u>65</u>           | <u>730</u>          |
| <b>NET CURRENT ASSETS</b>                      |       | <u>938,232</u>      | <u>968,783</u>      | <u>547,713</u>      | <u>550,609</u>      |
| Net Assets                                     |       | <u>1,419,792</u>    | <u>1,497,220</u>    | <u>771,451</u>      | <u>774,347</u>      |
| <b>EQUITY</b>                                  |       |                     |                     |                     |                     |
| Equity attributable to Owners of the Company   |       |                     |                     |                     |                     |
| Issued capital                                 |       | 296,592             | 297,447             | 296,592             | 297,447             |
| Reserves                                       |       | <u>1,123,200</u>    | <u>1,199,773</u>    | <u>474,859</u>      | <u>476,900</u>      |
| Total equity                                   |       | <u>1,419,792</u>    | <u>1,497,220</u>    | <u>771,451</u>      | <u>774,347</u>      |

**Note: For Notes ((F) to (K)), please refer to item 8 for further analysis.**

**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 30/06/13</b> |                  | <b>As at 31/12/12</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              |

**Amount repayable after one year**

| <b>As at 30/06/13</b> |                  | <b>As at 31/12/12</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**

N/A

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

|   | <b>Group</b>          |                 |
|---|-----------------------|-----------------|
|   | <b>3 months ended</b> |                 |
|   | <b>30/06/13</b>       | <b>30/06/12</b> |
|   | <b>RMB'000</b>        | <b>RMB'000</b>  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |                       |                 |
| Loss before tax   | (40,422)              | (78,136)        |
| Adjustment for:   |                       |                 |
| Amortization of land use rights                               | 2,124                 | 2,124           |
| Depreciation  | 21,987                | 22,923          |
| Interest income   | (2,328)               | (780)           |
|   | <u>(18,639)</u>       | <u>(53,869)</u> |
| Increase in inventories                                       | (142,921)             | (2,848)         |
| Decrease / (increase) in biological assets                    | 2,155                 | (129)           |
| Decrease in trade receivables                                 | 1,910                 | 10,624          |
| Decrease in prepayments, deposits and other receivables       | 52,632                | 86,602          |
| (Decrease) / increase in trade payables                       | (2,046)               | 729             |
| Increase in other payables, deposits received and accruals    | 1,753                 | 3,954           |
| Cash (used in) / generated from operation                     | <u>(105,156)</u>      | <u>45,063</u>   |
| Interest received   | 2,328                 | 780             |
| Net cash (used in) / inflow from operating activities         | <u>(102,828)</u>      | <u>45,843</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |                       |                 |
| Purchase of property, plant and equipment                     | -                     | (338)           |
| Decrease / (increase) in restricted bank deposits             | (I) 112,486           | (55,290)        |
| Net cash inflow from / (used in) investing activities         | <u>112,486</u>        | <u>(55,628)</u> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                    |                       |                 |
| Dividend paid   | -                     | (4,337)         |
| Repurchase of shares  | (931)                 | -               |
| Net cash used in financing activities                         | <u>(931)</u>          | <u>(4,337)</u>  |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b> | 8,727                 | (14,122)        |
| Cash and cash equivalents at beginning of period              | <u>41,500</u>         | <u>55,210</u>   |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>             | <u>50,227</u>         | <u>41,088</u>   |
| <b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>      |                       |                 |
| Cash and bank balances  | (I) 50,227            | 41,088          |

**Note:** For Note (I), please refer to item 8 for further analysis.

**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**

| <b>Group</b>                 | <b>Issued capital<br/>RMB'000</b> | <b>Retained profits<br/>RMB'000</b> | <b>Statutory reserve<br/>RMB'000</b> | <b>Capital redemption reserve<br/>RMB'000</b> | <b>Share premium<br/>RMB'000</b> | <b>Total<br/>RMB'000</b> |
|------------------------------|-----------------------------------|-------------------------------------|--------------------------------------|---|----------------------------------|--------------------------|
| Balance as at 1 January 2013 | 297,447                           | 670,308                             | 19,431                               | -   | 510,034                          | 1,497,220                |
| Loss for 1Q13                | -                                 | (36,075)                            | -                                    | -   | -                                | (36,075)                 |
| Balance as at 31 March 2013  | 297,447                           | 634,233                             | 19,431                               | -   | 510,034                          | 1,461,145                |
| Loss for 2Q13                | -                                 | (40,422)                            | -                                    | -   | -                                | (40,422)                 |
| Shares repurchased in 2Q13*  | (855)                             | (855)                               | -                                    | 855   | (76)                             | (931)                    |
| Balance as at 30 June 2013   | <u>296,592</u>                    | <u>592,956</u>                      | <u>19,431</u>                        | <u>855</u>                                    | <u>509,958</u>                   | <u>1,419,792</u>         |

| <b>Group</b>                 | <b>Issued capital<br/>RMB'000</b> | <b>Proposed final dividend<br/>RMB'000</b> | <b>Retained profits<br/>RMB'000</b> | <b>Statutory reserve<br/>RMB'000</b> | <b>Share premium<br/>RMB'000</b> | <b>Total<br/>RMB'000</b> |
|------------------------------|-----------------------------------|--|-------------------------------------|--------------------------------------|----------------------------------|--------------------------|
| Balance as at 1 January 2012 | 297,447                           | 4,300                                      | 925,395                             | 19,431                               | 510,034                          | 1,756,607                |
| Profit for 1Q12              | -                                 | -  | 2,961                               | -                                    | -                                | 2,961                    |
| Balance as at 31 March 2012  | 297,447                           | 4,300                                      | 928,356                             | 19,431                               | 510,034                          | 1,759,568                |
| (Loss) for 2Q12              | -                                 | -  | (78,136)                            | -                                    | -                                | (78,136)                 |
| Dividend paid – 2012 final   | -                                 | (4,300)                                    | (37)                                | -                                    | -                                | (4,337)                  |
| Balance as at 30 June 2012   | <u>297,447</u>                    | <u>-</u>                                   | <u>850,183</u>                      | <u>19,431</u>                        | <u>510,034</u>                   | <u>1,677,095</u>         |

| <b>Company</b>               | <b>Issued capital<br/>RMB'000</b> | <b>Accum. losses<br/>RMB'000</b> | <b>Capital redemption reserve<br/>RMB'000</b> | <b>Share premium<br/>RMB'000</b> | <b>Total<br/>RMB'000</b> |
|------------------------------|-----------------------------------|----------------------------------|---|----------------------------------|--------------------------|
| Balance as at 1 January 2013 | 297,447                           | (33,134)                         | -   | 510,034                          | 774,347                  |
| Loss for 1Q13                | -                                 | (954)                            | -   | -                                | (954)                    |
| Balance as at 31 March 2013  | 297,447                           | (34,088)                         | -   | 510,034                          | 773,393                  |
| Loss for 2Q13                | -                                 | (1,011)                          | -   | -                                | (1,011)                  |
| Shares repurchased in 2Q13*  | (855)                             | (855)                            | 855   | (76)                             | (931)                    |
| Balance as at 30 June 2013   | <u>296,592</u>                    | <u>(35,954)</u>                  | <u>855</u>                                    | <u>509,958</u>                   | <u>771,451</u>           |

\* Please refer to Note 1d(ii) on page 7 for details.

| Company                      | Issued<br>capital<br>RMB'000 | Proposed<br>final<br>dividend<br>RMB'000 | Accum.<br>losses<br>RMB'000 | Share<br>premium<br>RMB'000 | Total<br>RMB'000 |
|------------------------------|------------------------------|--|-----------------------------|-----------------------------|------------------|
| Balance as at 1 January 2012 | 297,447                      | 4,300                                    | (26,917)                    | 510,034                     | 784,864          |
| Loss for 1Q12                | -                            | -  | (1,305)                     | -                           | (1,305)          |
| Balance as at 31 March 2012  | 297,447                      | 4,300                                    | (28,222)                    | 510,034                     | 783,559          |
| Loss for 2Q12                | -                            | -  | (1,519)                     | -                           | (1,519)          |
| Dividend paid – 2011 final   | -                            | (4,300)                                  | (37)                        | -                           | (4,337)          |
| Balance as at 30 June 2012   | 297,447                      | -  | (29,778)                    | 510,034                     | 777,703          |

**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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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**

The Company has bought back 3,199,000 shares from the market as at 30 June 2013, the shares repurchased were cancelled in accordance with the Bye-Laws of the Company.

There were no shares held as treasury shares and the Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 30 June 2013 and 31 December 2012.

**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.**

There were 1,108,754,740 and 1,111,953,740 ordinary shares in issue as at 30 June 2013 and 31 December 2012 respectively.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

As at 30 June 2013, 3,199,000 shares were repurchased from the market and were all cancelled on 1 August 2013.

**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 by the auditors.

**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**

There were no changes in accounting policies and methods of computation adopted by the Group and the Company for the preparation of the interim financial information for the three and six months ended 30 June 2013 as compared to the audited financial statements for the year ended 31 December 2012.

**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**

N/A

**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 |           |
|  | 30/06/13       | 30/06/12  | 30/06/13       | 30/06/12  |
| <b>LOSS PER ORDINARY SHARE</b>                                   |                |           |                |           |
| (i) Based on weighted average number of ordinary shares in issue | (RMB0.04)      | (RMB0.07) | (RMB0.07)      | (RMB0.07) |
| (ii) On a fully diluted basis                                    | -              | -         | -              | -         |

(i) Loss per ordinary share on the existing issued share capital is computed based on the weighted average number of shares in issue during three months and six months ended 30 June 2013 of 1,111,351,795 shares and 1,111,651,105 shares respectively (three months and six months ended 30 June 2012: 1,111,953,740 shares).

(ii) There were no potential dilutive ordinary shares in existence for the three months and six months ended 30 June 2013 and 2012 and accordingly, no diluted earnings per share has been presented.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

|   | Group    |          | Company  |          |
|---|----------|----------|----------|----------|
|   | 30/06/13 | 31/12/12 | 30/06/13 | 31/12/12 |
| <b>NET ASSET VALUE PER ORDINARY SHARE</b>   |          |          |          |          |
| Net asset backing per ordinary share based on existing issued share capital as at the end of the period reported on | RMB1.28  | RMB1.35  | RMB0.70  | RMB0.70  |

The net asset value for the Group and the Company per ordinary share were calculated based on 1,108,754,740 and 1,111,953,740 shares in issue as at 30 June 2013 and 31 December 2012 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 and pre-tax loss

##### 1H13 vs 1H12

Group revenue decreased by 1.25% from approximately RMB2.48 billion in 1H12 to approximately RMB2.45 billion in 1H13.

The Group recorded a loss of approximately RMB76.50 million in 1H13 compared to approximately RMB75.18 million in 1H12. The increase in loss was due mainly to the losses generated from both the pig rearing and animal feed divisions in 1H13 compared to profits in 1H12.

The pig rearing division recorded a loss of approximately RMB7.52 million in 1H13 against a profit of approximately RMB1.01 million in 1H12. The loss was mainly attributable to decrease in progeny pig prices.

The animal feed division recorded a loss of approximately RMB1.67 million in 1H13 against a profit of approximately RMB383,000 in 1H12. The loss was due mainly to decrease in selling price of animal feed products coupled with sustained high raw materials costs.

The performance of the soybean processing division had improved marginally in 1H13 compared to 1H12. The soybean processing division recorded a lower loss of approximately RMB68.87 million in 1H13 compared to a loss of approximately RMB74.62 million in 1H12. Due to an increase in selling price of the Company's soybean meal, gross loss margin was slightly narrowed in 1H13 compared to 1H12.

The loss in the soybean processing division was due mainly to a decline in selling price of the Company's soybean oil in 1H13 compared to 1H12.

### **2Q13 vs 1Q13**

The Group recorded a decrease of 3.31% in revenue on a quarter to quarter basis (2Q13 vs 1Q13, as depicted below).

| <b><u>Revenue</u></b> | <b><u>Group</u></b>                         |   | <b><u>Change</u></b> |
|-----------------------|---|---|----------------------|
|                       | <b><u>2Q13</u></b><br><b><u>RMB'000</u></b> | <b><u>1Q13</u></b><br><b><u>RMB'000</u></b> |                      |
| Pig rearing           | 18,588                                      | 18,947                                      | (1.89)               |
| Animal feed           | 53,890                                      | 49,455                                      | 8.97                 |
| Soybean processing    | 1,132,185                                   | 1,177,459                                   | (3.85)               |
| Total                 | <u>1,204,663</u>                            | <u>1,245,861</u>                            | (3.31)               |

The Group recorded a wider loss from approximately RMB36.08 million in 1Q13 to approximately RMB40.42 million in 2Q13.

| <b><u>Pre-tax loss</u></b> | <b><u>Group</u></b>                         |   | <b><u>Change</u></b> |
|----------------------------|---|---|----------------------|
|                            | <b><u>2Q13</u></b><br><b><u>RMB'000</u></b> | <b><u>1Q13</u></b><br><b><u>RMB'000</u></b> |                      |
| Pig rearing                | (3,401)                                     | (4,120)                                     | (17.45)              |
| Animal feed                | (1,310)                                     | (357)                                       | 266.95               |
| Soybean processing         | <u>(36,572)</u>                             | <u>(32,297)</u>                             | 13.24                |
| Total                      | (41,283)                                    | (36,774)                                    | 12.26                |
| Interest income            | 2,328                                       | 2,015                                       | 15.53                |
| Unallocated expenses       | <u>(1,467)</u>                              | <u>(1,316)</u>                              | 11.47                |
| Loss before tax            | <u>(40,422)</u>                             | <u>(36,075)</u>                             | 12.05                |

### **Soybean Processing**

The soybean processing division recorded a decrease of 3.85% in revenue from approximately RMB1.18 billion in 1Q13 to approximately RMB1.13 billion in 2Q13.

The division recorded a higher loss of approximately RMB36.57 million in 2Q13 compared to approximately RMB32.30 million in 1Q13. These were due mainly to decrease in selling price of the Company's soybean oil in 2Q13 compared to 1Q13.

The selling price of soybean oil declined in 2Q13 due mainly to weak market demand caused by a slow down of China's economy.

### **Animal Feed**

The animal feed division recorded an increase in revenue of 8.97% from approximately RMB49.46 million in 1Q13 to approximately RMB53.89 million in 2Q13. This was due mainly to an increase in demand from breeders in 2Q13 to replenish additional poultry to meet the seasonal demand in the second half of the year.

The division recorded a higher loss of approximately RMB1.31 million in 2Q13 compared to approximately RMB357,000 in 1Q13. This was due mainly to a decrease in the selling price of the animal feed products.

### **Pig Rearing**

The pig rearing division recorded a comparable revenue in 2Q13 when compared to 1Q13.

The division recorded a lower loss of approximately RMB3.40 million in 2Q13 compared to approximately RMB4.12 million in 1Q13. This was due mainly to higher government grant received for pig rearing in 2Q13 compared to 1Q13.

### **(B) Cost of Sales**

The Group incurred a lower gross loss margin of 2.29% for 1H13 as compared to 2.42% for 1H12. This was mainly attributable to an increase in selling price of the Company's soybean meal.

### **(C) Other income and gains**

Other income and gains increased by 21.61% in 1H13 compared to 1H12. This was due mainly to higher interest income earned.

### **(D) Other expenses, net**

Other expenses comprised mainly :

- a decrease in fair value less estimated costs for sale of biological assets held at end of the period of approximately RMB6.55 million (1H12: a gain of approximately RMB2.42 million); and
- research and development costs amounting to approximately RMB762,000 (1H12: RMB692,000).

### **(E) Tax**

Tax has not been provided by the Group as it did not derive any assessable profits during the period.

Linyi Shengquan Grease Co. Ltd. (a subsidiary of the Company and incorporated in the People's Republic of China) is subject to a corporate income tax rate of 25% on its assessable profits for the 6 months ended 30 June 2013 (30 June 2012: 25%).

### **(F) Inventories**

The decrease in inventories was due mainly to the continued consumption of the existing soybean reserve.

### **(G) Biological assets**

The decrease in biological assets was due mainly to decline in fair value of progeny pigs.

### **(H) Trade receivables**

Receivables decreased due to prompt collection efforts by Management. Management had assessed the credit default system for 2Q13 and noted that the trade receivables balances were within credit terms. No provision was made for bad and doubtful debts.

### **(I) Cash and bank balances and deposits**

The Group's restricted bank deposits were pledged as security for the issuance of letters of credits to its suppliers. The decrease in restricted bank deposits was due mainly to payment made for the procurement of soybean.

The increase in cash and bank balances was due mainly to collection of trade receivables.

**(J) Trade payables**

The decrease in trade payables was due mainly to settlement made in the period.

**(K) Other payables, deposits received and accruals**

The increase in other payables, deposits received and accruals was due mainly to increase in accrued port handling charges.

**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 commentary made in item 10 of the Company's results announcement released to SGX-ST via SGXNet on 29 April 2013.

**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**

Apart from the volatility of soybean prices, stiff competition and price sensitivity, the Group's performance and financial position are also subject to uncertainties arising from changes of China's economic environment and government policies (such as to fight rising inflation) on soybean and soybean products.

However, the primary risk lies in the difference in prices of soybean raw material and the finished products. The profit margin is affected by world commodity price fluctuations, market conditions and further challenged by constraints of government policies, as well as the slowing down of the Chinese economy which will reduce consumption.

The loss recorded in 1H13 was due mainly to the average selling price of soybean products being lower than the average cost of sales. If this situation continues, the Group anticipates that the adverse impact may continue to be felt in the third quarter of 2013.

Given the adverse factors surrounding the Group, Management and the Board of Directors are reviewing every division and would make appropriate strategic decision as necessary for the Group to mitigate their impact.

**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/recommendeded, a statement to that effect**

**N/A**

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
 (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

|                                   | 6 months<br>period ended<br>30/06/13<br>RMB'000 | Share of<br>total<br>(%) | 6 months<br>period ended<br>30/06/12<br>RMB'000 | Share of<br>total<br>(%) | %<br>Change   |
|-----------------------------------|---|--------------------------|---|--------------------------|---------------|
| <b>Revenue</b>                    |   |                          |   |                          |               |
| Pig rearing                       | 37,535  | 1.53                     | 39,513  | 1.59                     | (5.01)        |
| Animal feed                       | 103,345   | 4.22                     | 98,580  | 3.97                     | 4.83          |
| Soybean processing                | 2,309,644                                       | 94.25                    | 2,343,530                                       | 94.44                    | (1.45)        |
|                                   | <u>2,450,524</u>                                | <u>100.00</u>            | <u>2,481,623</u>                                | <u>100.00</u>            | <u>(1.25)</u> |
|                                   |   |                          |   |                          |               |
|                                   | 6 months<br>period ended<br>30/06/13            | Share of<br>total<br>(%) | 6 months<br>period ended<br>30/06/12            | Share of<br>total<br>(%) | %<br>Change   |
| <b>(Loss) / profit before tax</b> |   |                          |   |                          |               |
| Pig rearing                       | (2,169)   | 7.30                     | 6,548   | (28.24)                  | N/M           |
| Animal feed                       | 1,158   | (3.90)                   | 4,830   | (20.83)                  | (76.02)       |
| Soybean processing                | (28,700)  | 96.60                    | (34,567)  | 149.07                   | (16.97)       |
|                                   | <u>(29,711)</u>                                 | <u>100.00</u>            | <u>(23,189)</u>                                 | <u>100.00</u>            |               |
| Amortization and depreciation     | (48,346)  |                          | (50,043)  |                          | (3.39)        |
| Interest income                   | 4,343   |                          | 1,731   |                          | 150.90        |
| Unallocated expenses              | (2,783)   |                          | (3,674)   |                          | (24.25)       |
| Loss before tax                   | <u>(76,497)</u>                                 |                          | <u>(75,175)</u>                                 |                          | 1.76          |

No geographical segment information is presented as the Group's operation is mainly carried out in Mainland China.

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Please refer to item 8 for details

**15. A breakdown of sales**

Please refer to item 13

**16. Aggregate Value Of Interested Person Transactions Entered Into For The Six Months Ended 30 June 2013**

Pursuant to Rule 920 of the SGX-ST's Listing Manual, details of the aggregate value of interested person transactions entered into the 6 months period ended 30 June 2013, were as follows: -

| Name of interested person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) |
|---------------------------|---|---|
| Jiang Quan Hotel          | <p style="text-align: right;">RMB</p> Expenses paid in relation to catering and accommodation services provided by Jiang Quan Hotel<br><p style="text-align: right;">230,000</p>                                      | Nil*  |

\*The Company does not have an IPT Mandate.

**BY ORDER OF THE BOARD**

**Wang Tingbao**  
 Director  
 06 August 2013

**CONFIRMATION BY DIRECTORS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL OF THE SGX-ST**

We 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 these interim financial results for the 2<sup>nd</sup> Quarter ended 30 June 2013 to be false or misleading in any material aspect.

**For and on behalf of the  
 Board of Directors of  
 United Food Holdings Limited**

**David Yip Wai Sun**  
 Director

**Wang Tingbao**  
 Director