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Miscellaneous

* Asterisks denote mandatory information

Name of Announcer *	UNITED FOOD HOLDINGS LIMITED
Company Registration No.	28925
Announcement submitted on behalf of	UNITED FOOD HOLDINGS LIMITED
Announcement is submitted with respect to *	UNITED FOOD HOLDINGS LIMITED
Announcement is submitted by *	Wang Tingbao
Designation *	Director
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>> Announcement Details

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Announcement Title * ALLEGED FUND RAISING ACTIVITY OF RMB300 MILLION

Description Please see attached.

Attachments
 UFood-Loan-RMB300M.pdf
 Total size = **24K**
 (2048K size limit recommended)

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UNITED FOOD HOLDINGS LIMITED
(Incorporated in Bermuda)

ALLEGED FUND RAISING ACTIVITY OF RMB300 MILLION

The Board of Directors (“the Board”) of UNITED FOOD HOLDINGS LIMITED (“the Company” or together with its group of subsidiaries, “the Group”) wishes to announce that the Company Auditors, Ernst & Young Hong Kong (“EY”), had in their course of audit highlighted the following matter to the Company’s Audit Committee (“AC”) and the Board:

Background

EY as part of their audit procedures, had noted that a number of publicly accessed websites on the internet (including the website of Chang An Trust) had posted news alleging that Linyi Shengquan Grease Co. Ltd (“SQ Grease”), a subsidiary of the Company, had raised funds of RMB300 million (“the Trust Loan”) through an independent trust fund named “Chang An Trust”. However, there was no such fund raising transaction recorded in the Group’s accounts for the year.

The Trust Loan is allegedly valid for 18 months, bearing interest ranging from 9.2% to 10.5% per annum.

The Trust Loan is allegedly guaranteed by:

- corporate guarantee issued by HuaSheng Jiangquan Group (“HSJ”);
- personal guarantee provided by Mr Wang Tingjiang (“WTJ”), the elder brother of Mr Wang Tingbao (the Executive Director and CEO of the Company);
- Mr Wang Tingjiang is the controlling shareholder of HSJ;
- all equity interest (18.25% or 93,403,198 shares) owned by HSJ in Jiangquan Group (“JG”). JG is an A-share listed company (SH: 600212);
- 100% equity interest owned by HSJ in Linyi Jiangxin Steel and Iron Co. Ltd (“LJS”). LJS is a private company incorporated in the PRC;
- A parcel of land with a gross floor area of 30,421.3 sq m under HSJ

The period of the alleged fund raising activity was from mid August 2013 to mid September 2013.

EY had also found that the web-site of JG carried an announcement stating that HSJ’s 18.25% equity interest in JG had been pledged to Chang An Trust.

Action taken by Management

On becoming aware of the alleged Trust Loan, Management conducted an immediate internal review and confirmed to EY that no fund raising arrangements with any financial institutions had taken place.

Management had also further confirmed and represented to EY, AC and the Board that:

- (1) They were not aware of those news before EY's notification;
- (2) They had never authorized nor approved any fund raising transactions;
- (3) They retained the right to take any possible legal action against any untrue reports pertaining to the Group.

Management has explained to the AC and Board that Chang An Trust had approached SQ Grease sometime in May or June 2013 with a proposal to help SQ Grease raise funds. However, the management did not take up that offer.

Management has further informed the AC and Board that Chang An Trust has explained to the management that the information regarding the alleged Trust Loan which was first published on their website was actually only a proposal, which was not taken up by SQ Grease. Chang An Trust has since removed from their website all information regarding the alleged Trust Loan.

Letter of Confirmation from Chang An Trust

EY had separately written to Chang An Trust to verify the existence of the alleged Trust Loan.

Chang An Trust had confirmed in writing to EY on 7 February 2014 that there was no such transaction as initially described on Chang An Trust's website, and that the reported news was not true.

Follow-up action by Management

Management is now working closely with EY to satisfy EY that the alleged Trust Loan does not exist. Thus far, Management has filed a police report in the People's Republic of China ("PRC"). Management has also obtained an indemnity in writing from Chang An Trust, indemnifying SQ Grease against adverse repercussions in connection with the alleged Trust Loan, and the indemnity will be valid for a period of 2 years from 1 August 2013 when news of the alleged Trust Loan first appeared on Chang An Trust's website.

Other steps to be taken by Management include, but are not limited to, placing newspaper advertisements in the Guangdong and Shan Xi Provinces of PRC, and seeking clarification and details on the share pledge made by HSJ.

Management will give its full co-operation to EY on this matter.

The AC and Board will monitor the matter closely and keep shareholders informed of any material developments.

Caution in Trading

Pending the verification of the existence or non-existence of the alleged Trust Loan, shareholders and potential investors are advised to exercise caution when trading in the shares of the Company.

By Order of the Board
UNITED FOOD HOLDINGS LIMITED

Wang Tingbao
Director
1 March 2014