

## Financial Statements and Related Announcement::First Quarter Results

## Issuer &amp; Securities

<b>Issuer/ Manager</b>	UNITED FOOD HOLDINGS LIMITED
<b>Securities</b>	UNITED FOOD HOLDINGS LIMITED - BMG9232V2045 - AZR
<b>Stapled Security</b>	No

## Announcement Details

<b>Announcement Title</b>	Financial Statements and Related Announcement
<b>Date &amp; Time of Broadcast</b>	13-May-2016 17:14:39
<b>Status</b>	New
<b>Announcement Sub Title</b>	First Quarter Results
<b>Announcement Reference</b>	SG160513OTHR2B23
<b>Submitted By (Co./ Ind. Name)</b>	Wang Tingbao
<b>Designation</b>	Director
<b>Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)</b>	Please see attached.

## Additional Details

<b>For Financial Period Ended</b>	31/03/2016
<b>Attachments</b>	<a href="#">Ufood - Results Ann 1Q2016 Final.pdf</a> Total size =242K

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**UNITED FOOD HOLDINGS LIMITED**

**First Quarter Financial Statement for the 3 Months ended 31 March 2016**

**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**

**The figures presented below have not been audited.**

**CONSOLIDATED INCOME STATEMENT  
 FOR THE THREE MONTHS ENDED 31 MARCH 2016**

	Note	Group		Change %
		3 months ended 31/3/2016 RMB'000	3 months ended 31/3/2015 RMB'000	
<b>CONTINUING OPERATIONS</b>				
Revenue	(A)	74,866	1,018,467	(92.6)
Cost of sales		(97,141)	(1,008,418)	(90.4)
Gross (loss) / profit	(B)	(22,275)	10,049	N/M
Other income and gains	(C)	130	2,399	(94.6)
Selling and distribution costs	(D)	(1,325)	(2,639)	(49.8)
Administrative expenses	(E)	(21,645)	(6,150)	252.0
Other expenses, net		-	(365)	(100.0)
(Loss) / profit before tax		(45,115)	3,294	N/M
Tax		-	-	N/M
(Loss) / profit after tax		(45,115)	3,294	N/M
<b>DISCONTINUED OPERATION</b>				
Loss from the period from a discontinued operation		(684)	(685)	(0.1)
(Loss) / profit for the year		(45,799)	2,609	
Attributable to :				
Owners of the Company		(45,799)	2,609	N/M
<b>(LOSS) / EARNINGS PER SHARE</b>				
- Basic		(RMB0.42)	RMB0.02	#
- Diluted		N/A	N/A	

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

# Restated figure. Please refer to Item 6 for explanation.  
 N/M - Not meaningful

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE THREE MONTHS ENDED 31 MARCH 2016**

	Group		Change %
	3 months ended 31/3/2016 RMB'000	3 months ended 31/3/2015 RMB'000	
(Loss) / profit for the period	(45,799)	2,609	N/M
Other comprehensive expenses			
Exchange differences on translation of financial statements of foreign operation	(8)	-	N/M
Total comprehensive (expense) / income	<u>(45,807)</u>	<u>2,609</u>	N/M

**(Loss) / profit before tax is arrived at after charging the following:**

	Group		Change %
	3 months ended 31/3/2016 RMB'000	3 months ended 31/3/2015 RMB'000	
Depreciation	11,889	15,168	(21.6)
Amortisation of land use rights	2,357	2,125	10.9

**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 MARCH 2016**

	Note	Group		Company	
		31/3/2016 RMB'000	31/12/2015 RMB'000	31/3/2016 RMB'000	31/12/2015 RMB'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		134,385	146,274	-	-
Land use right		41,449	43,806	-	-
		<u>175,834</u>	<u>190,080</u>	<u>-</u>	<u>-</u>
<b>Current assets</b>					
Inventories	(F)	58,813	61,342	-	-
Trade receivables	(G)	11,288	-	-	-
Prepayments, deposits and other receivables		343	358	-	-
Cash and cash equivalents	(H)	147,527	183,257	500	483
		<u>217,971</u>	<u>244,957</u>	<u>500</u>	<u>483</u>
<b>Total assets</b>		<u><u>393,805</u></u>	<u><u>435,037</u></u>	<u><u>500</u></u>	<u><u>483</u></u>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Issued capital		294,465	294,465	294,465	294,465
Reserves		91,507	137,314	(304,678)	(304,372)
		<u>385,972</u>	<u>431,779</u>	<u>(10,213)</u>	<u>(9,907)</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Amounts due to subsidiaries		-	-	9,808	9,304
Other payables, deposits received and accrued	(I)	7,833	3,258	905	1,086
		<u>7,833</u>	<u>3,258</u>	<u>10,713</u>	<u>10,390</u>
<b>Total equity and liabilities</b>		<u><u>393,805</u></u>	<u><u>435,037</u></u>	<u><u>500</u></u>	<u><u>483</u></u>

**Note:** For notes (F) to (I), 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 31/03/16</b>		<b>As at 31/12/15</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 31/03/16</b>		<b>As at 31/12/15</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 statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	<u>Group</u>	
	3 months ended	
	31/3/2016	31/3/2015
	RMB'000	RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before tax		
From continuing operations	(45,115)	3,294
From a discontinued operation	(684)	(685)
Adjustments for:		
Amortisation of land use rights	2,357	2,125
Depreciation	11,889	15,168
Bank interest income	(120)	(2,317)
	<u>(31,673)</u>	<u>17,585</u>
Decrease in inventories	2,529	91,220
(Increase) in trade receivables	(11,288)	(19,738)
(Increase) / decrease in prepayment, deposits and other receivables	15	(188,154)
Increase in trade payables	-	1,044
Increase in other payables, deposits received and accruals	4,575	17,395
	<u>(35,842)</u>	<u>(80,648)</u>
Interest received	120	2,317
Net cash used in operating activities	<u>(35,722)</u>	<u>(78,331)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash transferred to restricted bank deposits	-	(320,983)
Cash transferred from restricted bank deposits	-	331,760
Net cash from investing activities	<u>-</u>	<u>10,777</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(35,722)	(67,554)
Exchange differences	(8)	-
Cash and cash at the beginning of period	183,257	82,330
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<u>147,527</u>	<u>14,776</u>

**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 RMB'000	Proposed final dividend RMB'000	Accumulated losses RMB'000	Exchange translation reserve RMB'000	Statutory reserves RMB'000	Capital redemption reserve RMB'000	Share premium RMB'000	Total RMB'000
Balance at 1 January 2016	294,465	-	(395,464)	446	19,431	2,982	509,919	431,779
Loss for 1Q2016	-	-	(45,799)	-	-	-	-	(45,799)
Exchange differences on translation of financial statements of foreign	-	-	-	(8)	-	-	-	(8)
Balance at 31 March 2016	294,465	-	(441,263)	438	19,431	2,982	509,919	385,972

Group

	Issued capital RMB'000	Proposed final dividend RMB'000	Retained profits RMB'000	Exchange translation reserve RMB'000	Statutory reserves RMB'000	Capital redemption RMB'000	Share premium RMB'000	Total RMB'000
Balance at 1 January 2015	294,465	5,174	578,757	-	19,431	2,982	509,919	1,410,728
Profit for 1Q2015	-	-	2,609	-	-	-	-	2,609
Balance at 31 March 2015	294,465	5,174	581,366	-	19,431	2,982	509,919	1,413,337

Company

	Issued capital RMB'000	Proposed final dividend RMB'000	Accumulated losses RMB'000	Exchange translation reserve RMB'000	Capital redemption reserve RMB'000	Share premium RMB'000	Total RMB'000
Balance at 1 January 2016	294,465	-	(817,719)	446	2,982	509,919	(9,907)
Loss for 1Q2016	-	-	(363)	-	-	-	(363)
Exchange differences on translation of financial statements of foreign	-	-	-	57	-	-	57
Balance at 31 March 2016	294,465	-	(818,082)	503	2,982	509,919	(10,213)

Company

	Issued capital RMB'000	Proposed final dividend RMB'000	Accumulated losses RMB'000	Exchange translation RMB'000	Capital redemption reserve RMB'000	Share premium RMB'000	Total RMB'000
Balance at 1 January 2015	294,465	5,174	(52,382)	-	2,982	509,919	760,158
Loss for 1Q2015	-	-	(932)	-	-	-	(932)
Balance at 31 March 2015	294,465	5,174	(53,314)	-	2,982	509,919	759,226

**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**

N/A, see 1 (d) (iii) below.

**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 110,080,868 ordinary shares in issue as at 31 March 2016 and 31 December 2015. The Company did not hold any treasury shares as at 31 March 2016 and 31 December 2015.

**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.**

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 for the year ended 31 December 2015.

**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 new or revised IFRS that are mandatory for financial years beginning on or after 1 January 2016. The adoption of these IFRS 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**

	<b>3 months ended 31/03/2016</b>	<b>Group 3 months ended 31/03/2015</b>
<b>(LOSS) / EARNINGS PER ORDINARY SHARE</b>		
(i) Based on weighted average number of ordinary shares in issue	(RMB0.42)	RMB0.02
(ii) On a fully diluted basis	-	-

(i) (Loss) / Earnings per ordinary share on the existing issued share capital is computed based on the number of shares in issue during three months ended 31 March 2016 of 110,080,868 shares (three months ended 31 March 2015: 110,080,868\* shares).

\*After the completion of share consolidation on 16 June 2015, the Company has consolidated 10 ordinary shares of HK\$0.25 each into 1 ordinary share of HK\$2.50 each in the capital of the Company and the weighted average number of ordinary shares used for the calculation of (loss) / earnings per share for the corresponding period in 2015 has been adjusted for the effect of the share consolidation.

(ii) There were no potential dilutive ordinary shares in existence for the three months ended 31 March 2016 and 2015 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.**

	<b>Group</b>		<b>Company</b>	
	<b>31/03/2016</b>	<b>31/12/2015</b>	<b>31/03/2016</b>	<b>31/12/2015</b>
<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	<b>RMB3.51</b>	<b>RMB3.92</b>	<b>(RMB0.09)</b>	<b>(RMB0.09)</b>

The net asset value for the Group per ordinary share was calculated based on 110,080,868 shares in issue as at 31 March 2016 and 31 December 2015.

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 segmental performance

Group's revenue decreased by 92.6% from RMB1,018.5 million in 1Q2015 to RMB74.9 million in 1Q2016. The decrease in revenue was due mainly to a decrease in revenue in Soybean Processing Division which has temporarily been suspended since 5 July 2015.

The Group recorded a pre-tax loss of RMB45.8 million in 1Q2016 against a pre-tax profit of RMB2.6 million in 1Q2015.

The following table provides more detailed comparisons of the Group's performances of 1Q2016 and 1Q2015:

	Group		Change %
	3 months ended 31/3/2016 RMB'000	3 months ended 31/3/2015 RMB'000	
<u>Revenue</u>			
Animal Feed	74,866	52,756	41.9
Soybean Processing	-	965,711	(100.0)
	<u>74,866</u>	<u>1,018,467</u>	(92.6)
<u>Pre-tax (loss) / profit</u>			
Animal Feed	(24,414)	96	N/M
Soybean Processing	(20,060)	2,224	N/M
	<u>(44,474)</u>	<u>2,320</u>	N/M
Interest income	120	2,317	(94.8)
Unallocated expenses	(1,445)	(2,028)	(28.7)
(Loss) / profit before tax	<u>(45,799)</u>	<u>2,609</u>	N/M

### Soybean Processing

There was no revenue recorded in this division in 1Q2016 because its operation was temporarily suspended since 5 July 2015. This division also recorded a pre-tax loss of RMB20.1 million in 1Q2016 against a pre-tax profit of RMB2.2 million in 1Q2015.

### Animal Feed

The Animal Feed Division recorded a revenue of RMB74.9 million in 1Q2016, representing an increase of 41.9% as compared to that in 1Q2015, mainly due to the increase in sales volume in this division. However, this division recorded a pre-tax loss of RMB24.4 million in 1Q2016 against a pre-tax profit of RMB0.1 million in 1Q2015, and the loss resulted in this period mainly due to an increase in the manufacturing overheads and a decrease in selling prices.

**(B) Gross loss**

The Group recorded a gross loss margin of 30.0% for 1Q2016 against the gross profit margin of 1.0% in 1Q2015, the gross loss resulted in this period mainly due to an increase in the manufacturing overheads and a decrease in selling prices in Animal Feed Division.

**(C) Other income and gains**

Other income and gains decreased by 94.6% in 1Q2016 compared to 1Q2015, due mainly to lower interest income.

**(D) Selling and distribution costs**

In line with the decrease in revenue and only one operating division in 1Q2016, the Group incurred lower selling and distribution expenses in 1Q2016 compared to that in 1Q2015.

**(E) Administrative expenses**

Administrative expenses increased by 226.7% in 1Q2016 compared to 1Q2015. This was due mainly to the reallocation of amortization and depreciation of the property, plant and equipment of the Soybean Processing Division into administrative expenses after the temporary suspension of its production.

**(F) Inventories**

The decrease in inventories in 1Q2016 was due mainly to the lower storage volume of the raw materials in the non-peak session in Animal Feed Division.

**(G) Trade receivables**

The increase in trade receivables in 1Q2016 was due mainly to the increase in credit sales in Animal Feed Division.

**(H) Cash and cash equivalents**

The decrease in cash and cash equivalents was due to an amount of RMB35.7 million used in the operating activities in 1Q2016.

**(I) Other payables, deposit received and accruals**

The increase in other payables, deposit received and accruals was due mainly to an increase in staff welfare and tax payables in 1Q2016.

**(J) Cash flow statement**

Net cash flow of RMB35.7 million was used in 1Q2016 by the Group due to the operating loss and cash used in the operating activities.

**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 dated 3 May 2016.

**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**

As stated in the Company's announcement dated 18 August 2015, due to the anti-pollution issue in Linyi, the Group has temporarily suspended the operations of the Soybean Processing Division. The soybean processing is the Group's primary business which contributes towards about 90% of the Group's revenue. The Group recurrently reviews the government control policy on power generation in Linyi and the business operating environment. The Group will continue its animal feed production business.

The industry in which the Group operates in continues to face soybean prices volatility, stiff competitive pricing and uncertainties arising from changes to China's challenging economic environment.

The Group will resume the operation of Soybean Processing Division after a careful assessment of the situation of the business environment and government control policy on power generation. The Company will also be on the lookout for any opportunity on the use or sale of the land vacated by the Group's pig rearing business.

**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.

**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 3 Months Ended 31 March 2016**

**Pursuant to Rule 920 of the SGX-ST's Listing Manual, details of the aggregate value of interested person transactions entered into the 3 months period 31 March 2016, 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	RMB Expenses paid in relation to catering and accommodation services provided by Jiang Quan Hotel 240,000	Nil*

\*The Company does not have an IPT Mandate.

**BY ORDER OF THE BOARD**

**Wang Tingbao**  
**Director**  
**13 May 2016**

**CONFIRMATION BY DIRECTORS PURSUANT TO CLAUSE 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 to be false or misleading in any material respect.

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

**David Yip Wai Sun**  
**Director**

**Wang Tingbao**  
**Director**