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## **CHINA PUTIAN FOOD HOLDING LIMITED**

### **中國普甜食品控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 01699)**

## **QUARTERLY ANNOUNCEMENT**

This announcement is made by China Putian Food Holding Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 29 March 2023, 28 April 2023, 25 May 2023, 8 June 2023, 30 June 2023, 20 July 2023, 25 August 2023, 29 September 2023, 30 November 2023, 29 December 2023, 27 March 2024, 28 March 2024 and 28 June 2024 in relation to, among other things, (i) the delay in publication of audited annual results announcement for the year ended 31 December 2022; (ii) the possible financing and debt restructuring plan; (iii) the suspension of trading; (iv) the resumption guidance; (v) the quarterly announcement; (vi) further delay in publication of audited annual results announcement for the year ended 31 December 2022; (vii) the further delay in publication of interim results announcement for the six months ended 30 June 2023; and (viii) the delay in publication of audited annual results announcement for the year ended 31 December 2023 (collectively, the “**Announcements**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

### **BUSINESS OPERATIONS**

The Group has well established white and black hogs in the Shiti and Xianglixiang farms in Putian, Fujian, for many years. However because of the African swine fever since 2018 and COVID-19 since 2019, the Group suffered from the continuing sharp price drop in the pork and live hogs under the extreme bad sentiment of the hogs raising industry. This hindered the development plan of the Hebei CGU which was established in 2015 with the initial investment of over HK\$220 million. These setbacks had resulted a significant impairment loss reflected in the 2021 audited results. Since 2022, the continuing worsen account receivables turnover cycle in the hogs raising industry chain had created a lot difficulty in the sales and operation management of the Group. Under this severe tight cashflow situation, the turnover and the gross profit margin of the Group is expected to continue to

drop significantly in 2024. However, the management of the Group still maintained a certain level of business sales volume in the Fujian market with its best effort under this severe tight cash flow situation.

As at the date of this announcement, the business operations of the Group are continuing as usual in most material respects. The Board will continue to assess and monitor the impact of the suspension of trading (if any) on the operations and financial performance of the Company.

## **RESUMPTION GUIDANCE IMPOSED BY THE STOCK EXCHANGE**

As disclosed in the Company's announcement dated 8 June 2023, the Company received the Resumption Guidance from the Stock Exchange on 6 June 2023 setting out the following guidance for the resumption of trading in the shares:

- (i) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (ii) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; and
- (iii) inform the market of all material information for the Company's shareholders and investors to appraise the Company's position.

The Stock Exchange may modify or supplement the Resumption Guidance if the Company's situation changes.

## **PROGRESS ON THE FULFILMENT OF THE RESUMPTION GUIDANCE**

Pursuant to Rule 13.24A of the Listing Rules, the Board wishes to update the Shareholders, creditors and potential investors of the Company that, as at the date of this announcement, the latest development on the progress of the Company's efforts to fulfil the Resumption Guidance are as follows:

### **The Financing and Debt Restructuring Plan**

Based on the latest development in respect of the possible financing and debt restructuring plan (the "**Financing and Debt Restructuring Plan**"), the Company, the Potential New Investor and the Creditor are still engaging in active discussion and negotiation.

In September 2024, the Creditor and the Potential New Investor entered into a sale and purchase agreement relating to the Debt, comprising the HK\$150 million Convertible Bond and the HK\$110 million Note, and the benefits of the relevant security (the "Purchase Assets"). The Potential New Investor has irrevocably confirmed his intention to support the Company's Debt and Restructuring Plans and will maintain his support for the Company by not initiating any further legal action to recover the Debt or petition to wind-up the Company. The Potential New Investor and the Company are in advance stages of negotiation over the implementation of the Financing and Debt Restructuring

Plan, which includes conversion of the Debt into equity by issuing the Company's shares to the Potential New Investor.

### **The Statutory Demand**

On 18 April 2023, the Company received the Statutory Demand from the solicitors acting on behalf of Vandi Investments Limited, an indirectly and wholly-owned subsidiary of CCB International (Holdings) Limited, (the "Creditor") pursuant to Section 178(1)(a) or 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), demanding the Company to pay the Debt.

The Board wishes to update the Shareholders and potential investors of the Company that, as at the date of this announcement, (a) despite the Company has not repaid the Debt within 3 weeks from the date of service of the Statutory Demand, the Company has not received any further notice of the Creditor having taken any further legal action regarding the Statutory Demand against the Company, including the filing of a winding-up petition against the Company; and (b) the Company and the Potential New Investor are in the course of active negotiation with the Creditor in respect of the Financing and Debt Restructuring Plan for the settlement of the Debt under the Statutory Demand.

### **Possible disposal of Hebei CGU**

As stated in the Announcements, the Hebei CGU was established to be developed into a largescale black hog production facility since 2015. According to the Company's book account as at 31 December 2021, the Group had invested over RMB220 million in Hebei CGU, however because of the African swine fever in 2018 and the Coronavirus Disease since 2019, the development of black hog business in Hebei was hindered, and the Hebei CGU recorded an operating loss of RMB46 million and impairment loss of RMB105 million was recorded under the fair value assessment test by the valuer for the year ended 31 December 2021. The negative sentiment of hog raising industry was sustained in year 2022 and 2023. The Hebei CGU operation was further scaled down to minimal in order to minimize the operation loss under the Group's serious cash flow difficulty situation. The Company is currently considering disposal of the Hebei CGU to possible potential third parties in order to reduce the operating loss of Hebei CGU and to improve the Group cash flow position with the sales proceedings from Hebei CGU.

The Company is now still actively seeking possible potential third-party buyers for negotiation of the possible disposal of the Hebei CGU. It is expected that the possible disposal of Hebei CGU will rely on an independent valuer to evaluate the fair value of the Group's CGUs.

### **Further delay in publication of the 2022 Annual Results, 2023 Annual Results, the 2023 Interim Results and the 2024 Interim Results**

As stated in the Announcements, the reason for delay in publication of the 2022 Annual Results is that, based on the latest development in respect of the Statutory Demand, the Financing and Debt Restructuring Plan and the possible disposal of Hebei CGU and recent discussion with the Auditors, additional time is still required for addressing certain outstanding requests raised by the Auditors to the Board and the audit committee of the Company in respect of the negotiation development and

arrangement about the Financing and Debt Restructuring Plan and the possible disposal of Hebei CGU for the Auditors to complete the audit process of the 2022 Annual Results.

The Board hereby provides an update to the Shareholders and potential investors of the Company that, having considered the latest development and progress of the negotiating process with the Creditor and the Potential New Investor and the possible disposal of Hebei CGU, additional time is required for the completion of the said negotiation with the Creditor and the said audit process in order to finalise the 2022 Annual Results. Hence, it is expected that, subject to any unforeseeable circumstances and assuming that the audit procedure will be completed on or before 15 November 2024, the 2022 Annual Results will be published on or before 15 November 2024. It is also expected that the 2023 Annual Results, the 2023 Interim Results and 2024 Interim Results will subsequently be completed and published on or before 31 December 2024.

The Board acknowledges that the delay in publication of the 2022 Annual Results, the 2023 Annual Results, the 2023 Interim Results and the 2024 Interim Results and the dispatch of the 2022 Annual Report, the 2023 Annual Reports, the 2023 Interim Report and the 2024 Interim Report will constitute non-compliance with Rule 13.46(2)(a), Rule 13.48(1), Rule 13.49(1) and Rule 13.49(6) of the Listing Rules.

Rule 13.49(3) of the Listing Rules provides that where an issuer is unable to issue its preliminary results in accordance with Rules 13.49(1) and (2) of the Listing Rules, it must announce its results based on the financial results that have yet to be agreed with the auditors (so far as the information is available).

After due and careful consideration, the Board is of the view that it may not be appropriate for the Company to publish the unaudited management accounts of the Group for the year ended 31 December 2022 at this stage as they may not accurately reflect the financial performance and position of the Group, and their publication may be misleading and/or confusing to the Shareholders and potential investors of the Company.

## **CONTINUATION OF TRADING SUSPENSION**

At the request of the Company, trading in its shares on the Stock Exchange has been suspended from 9:00 a.m. on 3 April 2023 and shall, pending fulfilment of the Resumption Guidance and any supplement or modification thereto, remain suspended until further notice. The Company and its professional advisers are in the progress of devising a resumption plan with actions that it intends to take to remedy the issues causing its trading suspension and to fulfil the Resumption Guidance. The Company will publish further announcement(s) to keep its shareholders and potential investors informed of any latest progress as and when appropriate.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**China Putian Food Holding Limited CAI**  
**Chenyang**  
*Chairman*

Hong Kong, 4 November 2024

*As at the date of this announcement, the Board comprises Mr. CAI Chenyang, Mr. CAI Haifang, Ms. LI Ting and Ms. MA Yilin as executive Directors, Mr. CHENG Lian and Mr. CAI Zhiwei as non-executive Directors and Mr. XUE Chaochao, Mr. KE Qingming and Mr. WANG Aiguo as independent non-executive Directors.*