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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 20 December 2022 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, the Subscription Shares at the Subscription Price of HK\$0.05 per Subscription Share.

The Subscription Shares represent (i) approximately 19.05% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.01% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there will be no change in the share capital of the Company from the date of the Subscription Agreement to the date of Completion save for the allotment and issue of the Subscription Shares).

The Subscription Shares will be allotted and issued under the General Mandate.

The gross proceeds from the Subscription will be HK\$18,000,000. The net proceeds from the Subscription (after deducting the relevant expenses incurred in the Subscription) is approximately HK\$17,800,000.

Shareholders and potential investors should note that Completion is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not complete, Shareholders and potential investors are reminded to exercise caution when dealing or contemplate dealing in the shares or other securities of the Company.

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THE SUBSCRIPTION AGREEMENT

Principal terms of the Subscription Agreement are as follows:

Date

20 December 2022 (after trading hours)

Parties to the Subscription Agreement

- (i) the Company as the issuer of the Subscription Shares; and
- (ii) the Subscriber as the subscriber for the Subscription Shares.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber is an Independent Third Party.

Subscription Shares

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, the Subscription Shares at the Subscription Price of HK\$0.05 per Subscription Share.

Assuming there will be no change in the share capital of the Company from the date of the Subscription Agreement to the date of Completion save for the allotment and issue of the Subscription Shares, the Subscription Shares represent:

- (i) approximately 19.05% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 16.01% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The aggregate nominal value of the Subscription Shares is HK\$18,000,000.

Subscription Price

The Subscription Price of HK\$0.05 per Subscription Share represents:

- (i) a premium of approximately 4.2% to the closing price of HK\$0.048 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a discount of approximately 0.4% to the average closing price of approximately HK\$0.0502 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 3.3% to the average closing price of approximately HK\$0.0517 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The net proceeds from the Subscription, after deduction of relevant expenses, is approximately HK\$17,800,000. The net Subscription Price per Subscription Share, after deduction of relevant expenses, is estimated to be approximately HK\$0.0494 per Subscription Share.

The Subscription Price was determined after arm's length negotiation between the Company and the Subscriber after taking into account the prevailing market price of the Shares and the market condition. The Directors are of the view that the Subscription Price is fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

Ranking

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with all other Shares in issue at the Completion Date.

Conditions precedent

Completion is conditional upon the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Subscription Shares and such approval not having been revoked by the Listing Committee of the Stock Exchange prior to the Completion Date.

Completion

Completion is expected to take place on the fifth Business Days (or before) after fulfilment of the condition set out above. If the conditions above have not been fulfilled on or prior to the Long Stop Date (i.e. 20 January 2023), then the Agreement shall terminate and neither party shall have any claim against or liability to the other party, save for any antecedent breach.

Lock-up undertaking

The Subscriber undertakes to the Company that she shall not, offer, lend, sell or contract for sale, pledge or create any options or in other forms for sale of any Subscription Shares under the Subscription Agreement during a lock up period of 12 months commencing from the Completion date.

INFORMATION ON THE SUBSCRIBER

Based on information provided to the Company, the Subscriber, whose occupation is a merchant. Based on the information provided by the Subscriber, the Subscriber has extensive experience in investment. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Subscriber is an Independent Third Party.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM. Pursuant to the General Mandate, the total number of new Shares that the Directors are authorised to allot and issue is 377,800,000 Shares, representing 20% of the total number of issued Shares as at the date of the AGM. Since the date of the AGM and up to and including the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. Accordingly, the issue of the Subscription Shares is not subject to Shareholders' approval.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR AND BENEFIT OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Directors are of the view that the Subscription is in the interests of the Company and the Shareholders as a whole and the allotment and issue of the Subscription Shares is an appropriate mean of raising additional capital for the business operations of the Group and to further strengthen the Group's financial position since it will provide the Company with immediate funding and the shareholders' base of the Company will be broadened. The Directors consider that the terms of the Subscription Agreement are on normal commercial terms after arm's length negotiation and are fair and reasonable.

The gross proceeds from the Subscription will be HK\$18,000,000. The net proceeds from the Subscription (after deducting the expenses incurred in the Subscription) is estimated to be approximately HK\$17,800,000. The Company intends to apply the net proceeds from the Subscription towards general working capital of hogs raising business.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

The Company has not conducted any equity fund raising activities in the twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding interest of the Shareholders would be diluted upon Completion. Set out below is a summary of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon Completion (assuming there are no other changes in the issued share capital of the Company from the date of this announcement and up to the date of Completion):

| | As at the date of this announcement | | Immediately after the allotment and issue of Subscription Shares | |
|---------------------------|--|--|--|--|
| | <i>No. of Shares</i> | <i>% of the issued share capital</i> | <i>No. of Shares</i> | <i>% of the issued share capital</i> |
| Director | | | | |
| Mr. Cai (<i>note 1</i>) | 1,006,000,000 | 53.25% | 1,006,000,000 | 44.73% |
| Public | | | | |
| Sze Ching Lau | 100,476,000 | 5.32% | 100,476,000 | 4.47% |
| BCAGI | 99,000,000 | 5.24% | 99,000,000 | 4.40% |
| Other public Shareholders | 683,524,000 | 36.19% | 683,524,000 | 30.39% |
| <i>Subscriber</i> | — | 0.00% | 360,000,000 | 16.01% |
| Total | <u>1,889,000,000</u> | <u>100.00%</u> | <u>2,249,000,000</u> | <u>100.00%</u> |

Note 1: Mr. Cai is deemed to be interested in 1,006,000,000 Shares, which are held by Zhan Rui, a corporation controlled by Mr. Cai.

WARNINGS

Shareholders and potential investors should note that Completion is subject to fulfilment of the conditions under the Subscription Agreement. Therefore, the Subscription may or may not complete. Shareholders and potential investors of the Company are reminded to exercise caution when dealing or contemplate dealing in the shares or other securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

| | |
|---------------------------|---|
| “AGM” | the annual general meeting of the Company held on 4 November 2022 at which, among other things, the General Mandate was granted by the Shareholders to the Directors |
| “Board” | the board of Directors |
| “Business Day” | any day (excluding a Saturday, a Sunday or a public holiday) on which banks are generally open for business in Hong Kong and PRC |
| “Company” | China Putian Food Holding Limited (stock code: 1699), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange |
| “Completion” | completion of the Subscription |
| “Completion Date” | means a date falling on the fifth Business Days (or before) after fulfilment of the conditions precedent in the Agreement, or such other date as the parties to the Agreement may agree in writing |
| “connected person” | has the meaning ascribed thereto under the Listing Rules |
| “controlling shareholder” | has the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | Director(s) of the Company |
| “General Mandate” | the mandate granted to the Directors by the Shareholders at the AGM to allot and issue with the additional shares of the Company by up to 20% of the total number of issued shares of the Company as at the date of the AGM |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |

| | |
|-----------------------------|--|
| “Independent Third Parties” | independent third party (ies) who is (are) independent of, and not connected with, the Company and its connected persons |
| “Last Trading Date” | 20 December 2022, being the date of the execution of the Subscription Agreement |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 20 January 2023 |
| “Mr. Cai” | Mr. Cai Chenyang, an executive Director, chief executive officer and a controlling shareholder of the Company |
| “PRC” | The People’s Republic of China and for the purpose of this announcement excludes Hong Kong, Macao Special Administration Region and Taiwan |
| “Share(s)” | ordinary share(s) of HK\$0.05 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Shares of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscriber” | Miss Li Ting, an individual investor |
| “Subscription” | the subscription of the Subscription Shares by the Subscriber in accordance to the terms and conditions of the Subscription Agreement |
| “Subscription Agreements” | the subscription agreement dated 20 December 2022 and entered into between the Company and Subscriber in respect of the Subscription |
| “Subscription Price” | HK\$0.05 per Subscription Shares |
| “Subscription Shares” | 360,000,000 new Shares to be subscribed by the Subscriber pursuant to the terms and conditions of the Subscription Agreement |

“Zhan Rui”

Zhan Rui Investments Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Cai. As at the date of this announcement, Zhan Rui owns as to 1,006,000,000 Shares and is a controlling shareholder of the Company.

“%”

per cent

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

Hong Kong, 20 December 2022

As at the date of this announcement, the Board comprises Mr. CAI Chenyang, Mr. CAI Haifang 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.