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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)

INSIDE INFORMATION

**(I) FURTHER DELAY IN PUBLICATION OF
THE 2022 ANNUAL RESULTS AND**

DESPATCH OF THE 2022 ANNUAL REPORT;

**(II) FURTHER DELAY IN PUBLICATION OF
THE 2023 INTERIM RESULTS**

AND DESPATCH OF THE 2023 INTERIM REPORT;

**(III) DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS
ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023;**

AND

(IV) CONTINUATION OF TRADING SUSPENSION

This announcement is made by the board of directors (the “**Board**”) of China Putian Food Holding Limited (the “**Company**”) pursuant to Rules 13.09 and 13.49 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (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 and 29 December 2023 in relation to, among other things, (i) the delay in publication of the 2022 Annual Results and despatch of the 2022 Annual Report; (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 the 2022 Annual Results and despatch of the 2022 Annual Report; and (vii) the delay in publication of the 2023 Interim Results and despatch of the 2023 Interim Report (collectively, the “**Announcements**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

MAJOR OUTSTANDING MATTERS CAUSING THE FURTHER DELAY IN PUBLICATION OF THE 2022 ANNUAL RESULTS AND DESPATCH OF THE 2022 ANNUAL REPORT

The Board hereby provides an update to the shareholders and potential investors of the Company that, suffering from the continuing sharp price drop in the pork and live hogs and the extreme bad sentiment of the financing environment in the past few months, the Group faced the extreme difficulty of cashflow operation for maintaining its basic business in the hogs raising industry. Furthermore, under the pressure of the Statutory Demand from the creditor (the “**Creditor**”), the Company is still working very hard for the discussion and negotiation with the Potential New Investor and the Creditor for the possible Financing and Debt Restructuring Plan. Accordingly, the audit progress has been hindered and the proposed plan of action and timeline as mentioned in the announcement of the Company dated 29 September 2023 cannot be fulfilled. As of the date of this announcement, below are the major outstanding issues raised by the auditors which are to be addressed before the audit procedure of the 2022 Annual Results could be completed.

Dispute as to the amount of indebtedness to the Creditor

The amount of Debt claimed by the Creditor under the Statutory Demand, which is HK\$681 million, is significantly larger than the amount indebted to the Creditor as recorded under the Company’s book account as at 31 December 2022, which is HK\$352 million. Such large discrepancy is mainly due to the difference in calculation method adopted by the Company and the Creditor in respect of the default interest during the extension of maturity dates of the Convertible Bond and Note. This has raised an issue from the auditing perspective that whether such discrepancy constituting an adjustable event or a disclosable event, and that different accounting treatment will fundamentally affect the contents of the auditors’ opinion for the 2022 Annual Results.

To resolve this issue, the Company is in the course of engaging a litigation lawyer to advise on the relevant matter. It is expected that based on the said legal advise, the auditors will be able to ascertain whether such discrepancy can be disclosed as contingent liability under the emphasis of matter paragraph.

Meanwhile, the Company, the Potential New Investor and the Creditor are engaging in active discussion and negotiation to come up with a formal proposal for the Financing and Debt Restructuring Plan in the coming two months, upon the success of which the Board considers that the auditors can finalise the 2022 Annual Results.

Expected Credit Loss (“ECL”) provision relating to the long outstanding accounts receivables and prepayment of the Group

According to the Company’s book account as at 31 December 2022, the amount of account receivables and prepayment were recorded as approximately HK\$243 million and HK\$193 million respectively. Under the ageing analysis as at 31 December 2022, approximately HK\$130 million of the total account receivables were overdue for more than 90 days. Owing to the currently stagnant pork industry, the collectability problem of the account receivables has worsened.

To resolve this issue, the Company will provide the valuer with the updated account receivables and prepayment subsequent settlement and usage information to revise the Expected Credit Losses (“ECL”) valuation report for determining the proper ECL provision accordingly. Based on the revised ECL valuation report, the auditors will be able to carry out further audit work, including proper bad debts provision or debt written off, for those long outstanding payments by customers.

Possible further substantial impairment loss on non-current assets of the Group’s cash generating units under a fair value assessment test

Under the recent development of the Statutory Demand from the Creditor, the Company needs to provide the valuer with the recent business information of the Group’s cash generating units to evaluate the fair value assessment of the Group’s cash generating units. Based on the revised fair value valuation report, the auditor will be able to conduct further audit work to ascertain the possible further substantial impairment loss on non-current assets of the Group’s cash generating units.

The Board acknowledges that the delay in publication of the 2022 Annual Results and despatch of the 2022 Annual Report will constitute non-compliance with Rule 13.49(1) and Rule 13.46(2)(a) 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 which have yet to be agreed with the auditors 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.

Possible disposal of Hebei cash generating unit

As at the date of this announcement, the Group has two main cash generating units, one in Fujian and one in Hebei. The Hebei cash generating unit (“**Hebei CGU**”) was established to be developed into a large-scale 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 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. In the event that the possible disposal of the Hebei CGU was to proceed, it is likely that the Auditor will need additional time to conduct audit to ascertain the Group’s updated CGU.

FURTHER DELAY IN PUBLICATION OF THE 2023 INTERIM RESULTS AND DESPATCH OF THE 2023 INTERIM REPORT

The Company hereby announces that as the publication of the 2022 Annual Results is still pending, the 2023 Interim Results and the 2023 Interim Report will not be published and despatched as required under the Listing Rules.

The Board acknowledges that the delay in the publication of the 2023 Interim Results and despatch of the 2023 Interim Report will constitute non-compliance with Rule 13.48(1) and Rule 13.49(6) of the Listing Rules.

DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

Pursuant to Rule 13.49(1) of the Listing Rules, the Company is required to publish an announcement for the annual results of the Group for the year ended 31 December 2023 (the “**2023 Annual Results**”) not later than three months after the end of the financial year of the Company, i.e. on or before 31 March 2024. Under Rule 13.49(2) of the Listing Rules, the preliminary announcement in relation to the 2022 Annual Results shall be based on the Company’s financial statements for the year ended 31 December 2023 which shall have been agreed with the auditors of the Company.

The Company hereby announces that as the publication of the 2022 Annual Results and the 2023 Interim Results are still pending, the 2023 Annual Results and the 2023 Annual Report will not be published and despatched as required under the Listing Rules.

The Board acknowledges that the delay in publication of the 2023 Annual Results and despatch of the 2023 Annual Report will constitute non-compliance with Rule 13.49(1) and Rule 13.46(2)(a) 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 2023 which have yet to be agreed with the auditors 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.

THE COMPANY'S PROPOSED PLAN OF ACTION AND TIMELINE TO RESOLVE THE MAJOR OUTSTANDING MATTERS CAUSING DELAY IN PUBLICATION OF 2022 ANNUAL RESULTS AND PUBLICATION OF 2023 INTERIM AND ANNUAL RESULTS

After discussion with the auditors, the Company has devised the below action plan, which is subject to any unforeseeable circumstances:

Time	Action
Now to 13 June 2024	Engagement of a litigation lawyer to advise on the discrepancy between the amount of Debt claimed by the Creditor under the Statutory Demand and the amount indebted to the Creditor as recorded under the Company's book account as at 31 December 2022 and 31 December 2023
	Conclusion of the possible disposal of Hebei CGC and finalisation of proper fair value assessment of Hebei CGC as at 31 December 2022 and 31 December 2023
	Finalisation of the valuation reports of ECL, impairment loss tests and fair value assessment of the Group's cash generating units etc. as at 31 December 2022 and 31 December 2023

Time	Action
	Updated account receivables and prepayment subsequent settlement financial information ready for bad debt written off evaluation as at 31 December 2022 and 31 December 2023
20 June 2024	Preliminary consolidation trial balance and draft auditors' opinion for 2022 Annual Results and 2023 Annual Results ready for the Board's consideration
	Preparation of the draft 2022 Annual Results and 2023 Annual Results
28 June 2024	Meeting of the audit committee and the Board to approve and publish the 2022 Annual Results, 2023 Interim Results and 2023 Annual Results
31 July 2024	Despatch of the 2022 Annual Report
31 August 2024	Despatch of the 2023 Interim and Annual Report

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, 27 March 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.