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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
AUDITED ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022;**

**(II) DELAY IN PUBLICATION OF INTERIM RESULTS
ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023;**

(III) CONTINUATION OF TRADING SUSPENSION

This announcement is made by 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 and 20 July 2023 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; and (v) the quarterly announcement (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 2022 ANNUAL RESULTS

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 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 20 July 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\$681,131,301.37, 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\$351,713,515.32. 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 issue a legal opinion 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. It is expected that based on the said legal opinion, the Auditors will be able to ascertain whether such discrepancy can be disclosed as contingent liability under the emphasis of matter paragraph. Otherwise, the Auditors may express a disclaimer opinion on limitation of audit scope regarding such discrepancy amount.

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 with clean opinion.

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\$243,000,000.00 and HK\$193,000,000.00 respectively. Under the ageing analysis as at 31 December 2022, approximately HK\$130,000,000.00 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 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 accounting adjustments, 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 any delay in publishing the announcement in relation to the 2022 Annual Results will constitute non-compliance with Rule 13.49(1) 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.

DELAY IN PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

Pursuant to Rule 13.49(6) of the Listing Rules, the Company is required to publish an announcement for the interim results for the six months ended 30 June 2023 (the “**2023 Interim Results**”) not later than two months after the end of the relevant financial period, i.e. on or before 31 August 2023.

The Board hereby announces that as the publication of the 2022 Annual Results is still pending, the publication of the 2023 Interim Results will be delayed.

The Board acknowledges that any delay in publishing the announcement in relation to the 2023 Interim Results will constitute non-compliance with Rule 13.49(6) of the Listing Rules.

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

After discussion with the Auditors, the Company has devised the below action plan:

| Time | Action |
|--------------------------|--|
| Now to 22 September 2023 | Engagement of a litigation lawyer to issue a legal opinion 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 Finalisation of the valuation reports of ECL, impairment loss tests and fair value assessment of the Group’s cash generating units etc. Updated account receivables and prepayment subsequent settlement financial information ready for bad debt written off evaluation |
| 29 September 2023 | Preliminary consolidation trial balance and draft auditors’ opinion for 2022 Annual Results ready for the Board’s consideration Preparation of the draft 2022 Annual Results announcement |

| Time | Action |
|-----------------|---|
| 6 October 2023 | Board's approval of the publication of 2022 Annual Results |
| 27 October 2023 | Board's approval of the publication of 2023 Interim Results |

CONTINUATION OF TRADING SUSPENSION

At the request of the Company, trading in its shares on the Stock Exchange was 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, 25 August 2023

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.