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普甜
PUTIAN

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

- Revenue decreased to approximately RMB439,393,000 for the year ended 31 December 2023, representing a decrease of 12.0% as compared with approximately RMB499,337,000 for the year ended 31 December 2022.

- Gross profit increased by 162.3% to approximately RMB51,925,000 for the year ended 31 December 2023 as compared with approximately RMB19,797,000 for the year ended 31 December 2022.

- Loss for the year was approximately RMB81,687,000 for the year ended 31 December 2023 as compared with loss for the year approximately RMB1,039,735,000 for the year ended 31 December 2022.

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.

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce that the auditing process for the audited annual results of the Group for the year ended 31 December 2023 (the "**2023 Annual Results**") has been completed on 3 December 2024, the results of Group for the year ended 31 December 2023 (the "**Reporting Period**") together with the comparative figures for the corresponding period in 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

		2023	2022
	Notes	***RMB'000***	*RMB'000*
Revenue	5	**439,393**	499,337
Cost of sales		**(387,468)**	(479,540)
Gross profit		**51,925**	19,797
Other income, gains and losses, net	6	**(31,489)**	9,129
Loss arising from change in fair value less costs to sell of biological assets		**(3,155)**	(10,616)
Allowance for expected credit loss in respect of financial assets carried at amortised cost, net		**(5,471)**	(68,652)
Impairment of property, plant and equipment		**–**	(382,983)
Impairment of right-of-use assets		**–**	(43,453)
Impairment of inventories		**–**	(185,220)
Selling and distribution expenses		**(5,183)**	(12,778)
Administrative expenses		**(18,482)**	(33,554)
Finance costs	7	**(69,832)**	(331,405)
Loss before taxation		**(81,687)**	(1,039,735)
Taxation	8	**–**	–
Loss for the year	9	**(81,687)**	(1,039,735)

	Notes	**2023**	2022
		RMB'000	*RMB'000*
Other comprehensive loss for the year, net of income tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(22,903)**	(34,886)
Other comprehensive loss for the year, net of income tax		**(22,903)**	(34,886)
Total comprehensive loss for the year		**(104,590)**	(1,074,621)
Loss for the year attributable to the owners of the Company		**(81,687)**	(1,039,735)
Total comprehensive loss for the year attributable to the owners of the Company		**(104,590)**	(1,074,621)
Loss per share			
Basic and diluted *(RMB cents per share)*	11	**(3.70)**	(55.04)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Non-current assets			
Property, plant and equipment		**43,208**	49,777
Right-of-use assets		**8,570**	9,016
Biological assets		**916**	14,466
		52,694	73,259
Current assets			
Inventories		**36,786**	71,966
Biological assets		**3,709**	15,408
Trade receivables	12	**83,450**	57,815
Deposits paid, prepayments and other receivables		**52,606**	50,689
Pledged bank deposits		**–**	7,000
Cash and bank balances		**3,911**	4,580
		180,462	207,458
Current liabilities			
Trade and bills payables	13	**39,899**	25,902
Accruals, deposits received and other payables	14	**512,316**	459,177
Contract liabilities		**2,107**	24,397
Borrowings	15	**371,523**	374,639
Lease liabilities		**5,150**	5,007
Deferred revenue		**253**	253
		931,248	889,375
Net current liabilities		**(750,786)**	(681,917)
Total assets less current liabilities		**(698,092)**	(608,658)

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Non-current liabilities			
Borrowings	15	**2,000**	2,000
Lease liabilities		**3,838**	4,152
Amount due to a shareholder		**12,659**	12,508
Deferred revenue		**13,725**	13,979
		32,222	32,639
Net liabilities		**(730,314)**	(641,297)
Equity			
Share capital		**93,467**	77,894
Share premium and reserves		**(823,781)**	(719,191)
Capital deficiency		**(730,314)**	(641,297)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

The China Putian Food Holdings Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 1401, 14/F, Chit Lee Commercial Building, 30–36 Shau Kei Wan Road, Sai Wan Ho, Hong Kong.

The principal activity of the Company is investment holdings. The Group, comprising the Company and its subsidiaries, is principal engaged in hog farming, pig slaughtering, sales of porks, sales of frozen porks and sales of commodity hogs. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 13 July 2012. The directors of the Company ("**Directors**") considered that the immediate and ultimate holding company is Zhan Rui Investments Limited, a company incorporated in British Virgin Islands.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (RMB'000) except otherwise indicated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the amendments to the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[4]
HKFRS 18	Presentation and Disclosure in Financial Statements[5]
HKFRS 19	Subsidiaries without Public Accountability: Disclosure[5]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.
4 Effective for annual periods beginning on or after 1 January 2026.
5 Effective for annual periods beginning on or after 1 January 2027.

The Directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Going concern assessment

The Group incurred a net loss of approximately RMB81,687,000 for the year ended 31 December 2023 and as of that date, the Group's net current liabilities and net liabilities amounted to approximately RMB750,786,000 and RMB730,314,000 respectively. In addition, included in the Group's liabilities as at 31 December 2023 were: (i) non-convertible bond and non-convertible note in the principal amount of HK$150,000,000 (equivalent to approximately RMB135,933,000) and HK$110,000,000 (equivalent to approximately RMB99,684,000) respectively and accrued interests thereon of approximately HK$487,102,000 (equivalent to approximately RMB441,422,000) in respect of which the Group was in default in settlement and received a statutory demand from the solicitors acting on behalf of Vandi Investments Limited, an indirectly and wholly-owned subsidiary of CCB International (Holdings) Limited; and (ii) bank borrowings of approximately RMB111,523,000 (the "**Debt**") which was repayable on demand or repayable within one year and was in default up to the date of this announcement. As at 31 December 2023, the Group had cash and cash equivalents of approximately RMB3,911,000, which were insufficient to fully repay the borrowings and other liabilities of the Group. Notwithstanding the above factors, the consolidated financial statements have been prepared on a going concern basis. The validity of the going concern basis is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when they fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

In order to improve the liquidity and to ensure sufficient financing for future business development, the Group is in the process of implementing the following plans and measures:

(i) On 5 September 2024, Vandi Investments Limited, an indirectly and wholly-owned subsidiary of CCB International (Holdings) Limited and Advance Day Holdings Limited (together, the "**Creditors**") and Mr. Leong Lap Kun ("**Mr. Leong**") entered into a conditional sale and purchase agreement relating to the Debt, comprising the HK$150,000,000 Convertible Bond and the HK$110,000,000 Note, and the benefits of the relevant security (the "**Purchase Assets**") (the "**1st SPA**").

On 24 October 2024, Mr. Leong then entered into a conditional sale and purchase agreement with Mr. Zhang Zhen ("**Mr. Zhang**") to sell the Purchase Assets to Mr. Zhang (the "**2nd SPA**") (collectively the 1st SPA and 2nd SPA the "**Debt Assignment and Financing and Debt Restructuring Plan**").

Mr. Zhang has irrevocably confirmed his intention to support the Company's Debt Assignment and Financing 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.

Mr. Zhang and the Company are in preliminary 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 Mr. Zhang;

(ii) Pursuant to the framework agreement of facility, Mr. Zhang has conditionally agreed to make a loan facility for not less than RMB40,000,000 available to the Company, for a principal term of three years with interest set at the market rate. The facility will provide additional funds for the Company's daily operation to warrant the Company's continuing business operation;

(iii) The Board will continue to actively negotiate with bankers to extend the Debt including the overdue interests and also seeking potential buyers to purchase the Debt as new loan restructuring (the "**Loan Restructuring Plan**");

(iv) The Group is in the process of negotiating with its creditors to restructure and/or refinance its borrowings, and to meet the Group's working capital and financial requirements in the near future;

(v) The Group is in the process of negotiating with its bankers to secure necessary facilities to meet the Group's working capital and financial requirements in the near future;

(vi) The Group is taking measures to tighten cost control over various costs with an aim to attain profitability and positive cash flow from its operations; and

(vii) The Directors are considering various alternatives to strengthen the capital base of the Company through various fund raising exercises, including but not limited to, private placements, open offers or rights issue of new shares of the Company.

The Board has reviewed the Group's cash flow forecast prepared by Management covering a period of twelve months from the date of approval of the consolidated financial statements (the "**Cash Flow Forecast**"). After considering the plans and measures outlined above, the Board is of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months. The Board is therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, a material uncertainty exists regarding the Group's ability to achieve its plans and measures as described above. The Group's ability to continue as a going concern would depend on the successful execution and completion of the Debt Assignment and Financing and Debt Restructuring Plan and Loan Restructuring Plan (collectively the "**Plans and Measures**"), all of which aim to provide the Group with adequate operating cash flows and additional equity funds to settle existing financial obligations, commitments, and future operating and capital expenditures.

Should the Group fail to achieve the abovementioned Plans and Measures, it might not be able to continue operate as a going concern, and adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effect of these adjustments had not been reflected on these consolidated financial statements.

4. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

The Group currently operates in one operating segment which is the sales of pork operation. A single management team reports to the Group's Chief Executive Officer (being the CODM) who allocates resources and assesses performance based on the consolidated result for the year of the preceding year for the entire business comprehensively. Accordingly, the Group does not present segment information separately.

During the year ended 31 December 2023 and 2022, all revenue is derived from customers in the People's Republic of China (the "**PRC**") and almost all the non-current assets of the Group are located in the PRC.

Segment revenue

For the year ended 31 December 2023, revenue from the sales of pork was decreased to approximately RMB439,393,000 (2022: RMB499,337,000).

Furthermore, revenue of approximately RMB74,845,000 (2022: RMB153,846,000) arose from sales to the Group's largest customer.

Information about the major customers

Revenue from customer contributing over 10% of the total revenue of the Group for the year ended 31 December 2023 and 2022 are as follows:

	2023	2022
	RMB'000	*RMB'000*
Customer A	**74,845**	N/A*
Customer B	**67,428**	N/A*
Customer C	**N/A***	153,846
Customer D	**55,157**	68,950

* Revenue from the customer is less than 10% of the total revenue of the Group.

Geographical information

During the years ended 31 December 2023 and 2022, the Group mainly operated in the PRC and most of the Group's revenue was derived from the PRC, and most of non-current assets of the Group were located in the PRC as at 31 December 2023 and 2022. No analysis of the Group's result and assets by geographical area is disclosed.

5. REVENUE

Revenue represents the net invoiced value of goods sold, excludes value added tax or other sales tax. Disaggregation of revenue from contracts with customers by major products is as follows:

	2023	2022
	RMB'000	*RMB'000*
Recognition at a point in time		
– Retail of pork	**146,181**	213,959
– Wholesale of pork	**283,826**	266,424
– Retail of frozen pork	**–**	5,263
– Wholesale of commodity hogs	**9,386**	13,691
	439,393	499,337

6. OTHER INCOME, GAINS AND LOSSES, NET

	2023	2022
	RMB'000	*RMB'000*
Interest income on:		
– bank deposits	**191**	87
– amortisation of deferred revenue	**253**	253
Total interest income	**444**	340
Gain on disposal of biological assets	**–**	5,596
Government grants	**–**	2,398
Loss on disposal of property, plant and equipment	**–**	(29)
Written off of inventories	**(32,328)**	–
Sundry income	**395**	824
	(31,489)	9,129

7. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interests on:		
– Borrowings wholly repayable within five years	**10,203**	8,223
– Interest charged on non-convertible bond *(Note)*	**33,849**	188,511
– Interest charged on non-convertible note *(Note)*	**24,921**	133,835
– Interest expenses on lease liabilities	**859**	836
	69,832	331,405

Note: The Company issued convertible bond and the note (the "**Convertible Bond and Note**") on 13 October 2016 and the original maturity date is 15 October 2018.

Per first written confirmation received by the Company date 15 October 2018 from the creditor of the Convertible Bond and Note (the "**Creditor**"), the Investor confirmed to extended the maturity date to not more than 6 months.

Per second written confirmation received by the Company dated 23 April 2019, the Creditor confirmed to extended the maturity date of the Convertible Bond and Note to 15 April 2020.

Per third written confirmation received by the Company dated 29 May 2020, the Creditor confirmed to extend the maturity date of the Convertible Bond and Note to 31 May 2021.

Per fourth written confirmation received by the Company dated 11 June 2021, the Creditor confirmed to extend the maturity dated of the Convertible Bond and Note to 31 May 2022.

As at 31 May 2022, the Convertible Bond and Note was in default and not repaid, the Company account the interest under default rate at 25%.

On 18 April 2023, the Company received a statutory demand (the "**Statutory Demand**") from the Investor. Per the Statutory Demand, the Investor demand the Company to paid the outstanding principal, interest and other amount of the Convertible Bond and Note. Per the Statutory Demand, the Investor informed the Company, but the Company failed to pay the Convertible Bond and Note by 15 October 2018, which constitutes an event of default. The amount of approximately RMB286,993,000 represents the additional interest claimed by Creditor per the Statutory Demand assuming that the Convertible Bond and Note defaulted on 15 October 2018.

8. TAXATION

	2023	2022
	RMB'000	*RMB'000*
Income tax expenses	**–**	–

Notes:

(a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI during the Reporting Period.

(b) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits subject to Hong Kong profits tax during the years ended 31 December 2023 and 2022.

(c) Pursuant to the Enterprise Income Tax Law ("**EIT LAW**") of the PRC, the statutory tax rate of Enterprise Income Tax (the "**EIT**") for both domestic enterprises and foreign investment enterprises is 25%. Income derived by an enterprise from engaging in the raising of livestock and poultry shall be exempted from EIT.

Meat processing of primary produce is on the list of The Range of Processing of Primary Agricultural Produces to Be Given Preferential Enterprise Income Tax Treatment (Trial Implementation) (2008 version) (享受企業所得稅優惠政策的農產品初加工範圍（試行）(2008年版）) promulgated by the Ministry of Finance (財政部) and the State Administration of Taxation (國家稅務總局) on 20 November 2008. Tianyi (Fujian) Modern Agriculture Development Co., Ltd and Putian (Beijing) Food Limited meet the required standard for preferential PRC EIT treatment.

According to the prevailing tax rules and regulations, Tianyi (Fujian) Modern Agriculture Development Co., Ltd and Putian (Beijing) Food Limited operating in the business of primary processing of agricultural products were exempted from the PRC EIT during the years ended 31 December 2023 and 2022.

(d) According to the EIT LAW and implementation of the regulations issued by the State Council, income tax at the rate of 5% is applicable to any dividends payable to investors that are "non-resident enterprises" (and that do not have an establishment or place of business in China, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business) to the extent such dividends have their source within the PRC. Tianyi (Fujian) Modern Agriculture Development Co., Ltd. and 莆田市鄉里香黑豬開發有限公司 (Putian Xianglixiang Black Pig Development Co., Ltd*) are considered as "resident enterprise" by the Chinese government, and those are required to pay withholding tax on the dividend payable to the foreign shareholders and foreign shareholders also have to pay PRC income tax on gain on transfer of shares.

Since the Group can control the quantum and timing of distribution of profits of the Group's subsidiaries in the PRC, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2023	2022
	RMB'000	*RMB'000*
Staff costs including Directors' emoluments		
Salaries and other emoluments	**10,725**	15,766
Retirement scheme contributions	**189**	452
Total staff costs	**10,914**	16,218
Depreciation of property, plant and equipment	**6,595**	30,473
Depreciation of right-of-use assets	**463**	3,713
Total depreciation	**7,058**	34,186
Auditors' remuneration		
– Audit services	**600**	800
– Non-audit services	**–**	9
Allowance for expected credit loss on trade receivables, net	**5,926**	67,792
(Reversal of)/allowance for expected credit loss on deposits paid and other receivables, net	**(455)**	860
Cost of inventories recognised as an expenses	**378,231**	446,383
Expenses relating to short-term lease	**488**	1,118

10. DIVIDENDS

Directors do not recommend the payment of any dividend for the year ended 31 December 2023 (2022: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

Loss

	2023	2022
	RMB'000	*RMB'000*
Loss attributable to owners of the Company for the purpose of calculating basic loss per share	**81,687**	1,039,735

Number of shares

	2023	2022
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**2,210,534**	1,889,000

The calculation of basic loss per share for the year is based on the loss attributable to the owners of the Company for the year ended 31 December 2023 of approximately RMB81,687,000 (2022: RMB1,039,735,000) and the weighted average number of approximately 2,210,534,000 (2022: 1,889,000,000) ordinary shares in issue for the year ended 31 December 2023.

Basic and diluted loss per share for the years ended 31 December 2023 and 2022 were the same because of no expectation for the exercise of the Company's outstanding share options as the exercise price of share options would result in an anti-dilutive effect on loss per share for the years ended 31 December 2023 and 2022.

12. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**205,188**	173,627
Less: Allowances for expected credit loss	**(121,738)**	(115,812)
	83,450	57,815

The fair values of trade receivables approximate their carrying amount.

As at 1 January 2022, there were trade receivables from contracts with customers amounting to approximately RMB168,408,000.

The Group normally allows a credit period ranging from cash upon delivery to 60–90 days depending on the customer's creditworthiness and the length of business relationship with the customers. The ageing analysis of trade receivables based on the invoice date as at 31 December 2023 and 2022 is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 30 days	**24,655**	35,500
31 to 90 days	**35,406**	69,877
91 to 180 days	**46,173**	20,262
Over 180 days	**98,954**	47,988
	205,188	173,627

The trade receivables are denominated in RMB. The Group does not hold any collateral over these balances.

13. TRADE AND BILLS PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**39,899**	18,902
Bills payables	**–**	7,000
	39,899	25,902

The ageing analysis of trade payables is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 30 days	**1,263**	2,948
31 to 90 days	**2,572**	3,808
91 to 180 days	**2,957**	2,443
Over 180 days	**33,107**	9,703
	39,899	18,902

The average credit period on purchases of certain goods is generally within 15 days to 90 days.

The Group normally obtains credit terms within 60 days from its suppliers (2022: 60 days). The bills payables are matured within twelve months (2022: twelve months) from the end of the reporting period.

As at 31 December 2022, the bills payable are secured by pledged bank deposits of approximately RMB7,000,000.

14. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Deposits received	**416**	414
Accrued interest *(Note (i))*	**447,668**	379,319
Other accruals and payables	**64,232**	79,444
	512,316	459,177

Note:

(i) Included in accrued interests of approximately RMB441,422,000 (equivalents to HK$487,102,000) (2022: RMB376,960,000 (equivalent to HK$422,000,000)) was payable to Vandi Investments Limited, an indirectly and wholly-owned subsidiary of CCB International (Holdings) Limited.

15. BORROWINGS

	2023	2022
	RMB'000	*RMB'000*
Borrowing – secured	**358,130**	360,647
Borrowing – unsecured	**15,393**	15,992
	373,523	376,639

	2023	2022
	RMB'000	*RMB'000*
The carrying amount of the above borrowings are repayable:		
On demand or within one year	**371,523**	374,639
Within a period more than one year but not exceeding five years	**2,000**	2,000
	373,523	376,639

	2023	2022
	RMB'000	*RMB'000*
Borrowings at:		
Secured bank borrowings at floating interest rate	**117,523**	121,406
Other secured borrowings at fixed interest rate	**4,990**	6,990
Non-convertible note at fixed interest rate	**99,684**	98,260
Non-convertible bond at fixed interest rate	**135,933**	133,991
Other unsecured borrowings at fixed interest rate	**15,393**	15,992
	373,523	376,639

The contractual floating and fixed interest rates per annum in respect of borrowings were within the following ranges:

	2023	2022
	%	%
Floating rate	**5.13–55.13**	5.00–6.96
Fixed rate	**7.00–25.00**	7.00–25.00

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

The following is the extract of the independent auditors' report on the Group's consolidated financial statements for the year ended 31 December 2023.

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Scope limitation relating to the assessment on the appropriateness of the going concern basis of accounting

As disclosed in Note 3 to the consolidated financial statements, the Group incurred a net loss of approximately RMB81,687,000 for the year ended 31 December 2023 and as of that date, the Group's net current liabilities and net liabilities amounted to approximately RMB750,786,000 and RMB730,314,000 respectively. In addition, included in the Group's liabilities as at 31 December 2023 were: (i) non-convertible bond and non-convertible note in the principal amount of HK$150,000,000 (equivalent to approximately RMB135,933,000) and HK$110,000,000 (equivalent to approximately RMB99,684,000) respectively and accrued interests thereon of approximately HK$487,102,000 (equivalent to approximately RMB441,422,000) in respect of which the Group was in default in settlement and had subsequently received a statutory demand from the solicitors acting on behalf of the holder of the bond and note; and (ii) bank borrowings of approximately RMB111,523,000 which were repayable on demand or repayable within one year and in respect of which was in default up to the date of this report. As at 31 December 2023, the Group had cash and cash equivalents of only approximately RMB3,911,000, which was insufficient to fully repay the borrowings and other liabilities of the Group.

These events and conditions, together with other matters disclosed in Note 3 to the consolidated financial statements of the Group, cast significant doubts on the Group's ability to continue as a going concern.

In view of such circumstances, the Board of Directors of the Company (the "**Board**") is in the process of implementing a number of plans and measures to improve the Group's liquidity and financial position, details of which are set out in Note 3 to the consolidated financial statements. The cash flow forecast (the "**Cash Flow Forecast**") that was prepared by the Board for their going concern assessment of the Group takes into account these plans and measures. Based on the Cash Flow Forecast, which was prepared based on the assumptions that the plans and measures would be successfully implemented as scheduled notwithstanding the inherent uncertainties associated with the outcome of these plans and measures, the Board is of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the foreseeable future and therefore, the Group has the ability to continue as a going concern and will continue its operations for the foreseeable future. Accordingly, the Board is of the view that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The adequacy of the Cash Flow Forecast to support the Board's assessment of the Group's ability to continue as a going concern, and hence of the going concern basis adopted in the preparation of the consolidated financial statements, depends on whether the assumptions used therein, including the plans and measures as set out in Note 3 are adequately supportable.

These plans and measures include the Group's negotiation with the bankers (the "**Bankers**") to extend the Debt as described more fully in Note 3 to the consolidated financial statements. The evidence available to us was limited and in particular, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves that the Group would be able to extend or restructure the bank borrowings from the Bankers. There were no alternative procedures that we could perform to satisfy ourselves that the Group would be able to implement its plans and measures to extend its debts as assumed in the Cash Flow Forecast, as a result, we are unable to obtain sufficient appropriate evidence we considered necessary to conclude whether the use of the going concern basis of accounting to prepare the consolidated financial statements is appropriate.

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Over the past years, the Group had established its national large-scale vertically integrated pork products supply service ranging from hog farming, pig slaughtering to pork distribution with a well-developed operation model. However, under the turmoil impact of African swine fever epidemic and subsequently COVID-19, the pig breeding business of the Group had been facing severely operational difficulty since 2021. Under the vicious circle effect of the continuous increase in the price of feed ingredients and the increasingly prolonged accounts receivables collection cycle in the pig breeding industry, the Group suffered a significant operating loss under the pig breeding business in 2022. In addition, due to the impact of the epidemic, the Group's retail business was greatly affected by the difficulties in distribution and the increase in management and transportation costs, leading to the shrinkage in business scale and decline in gross profit margin. Under the assessing process of fair value of assets, feed ingredients inventory, property, plant and equipment, and right-of-use assets of the Group also resulted additional significant impairment losses. The adverse environment in various industries during the period led to an accelerated contraction in the scale of domestic bank loans, which had a serious impact on the Group's already tight cash flow, while the Statutory Demand filed by the Creditor in 2023 further led to the collapse of the Group's cash flow chain and led to greater financial losses due to the denial of previous promise of the extension of Debt repayment dates and the waiver of the relevant default interest of the Debt.

INDUSTRY AND BUSINESS REVIEW

Since the outbreak of African swine fever in China in 2018, the stock of hogs in China has dropped significantly, with the number of fertile female pigs and the hog production volume hovering at a low level while the price of pork remaining at a high level. The prospects of the hog farming industry were looking good, which has improved the enthusiasm of farmers to fill the barn. At the end of 2020, pig production capacity began to be released intensively, resulting in a rapid downward trend in pig prices as a result of oversupply of pig production capacity since 2021 and the prices of pork and hogs fell sharply in 2021 as compared with that in 2020.

In order to ensure that the biosecurity of feed was not affected by African swine fever as it might lead to an increase in the cost of feed ingredients, feed processing and transportation and thereby increasing the total cost of feed and in an effort to offset the impact of the epidemic, farmers purchased a large amount of feed, resulting in a continuous rise in feed market prices. Due to the persistently low prices of pork and hogs in 2022 and 2023, the hog farming industry has also experienced a long period of loss, and the African swine fever epidemic in 2023 has shown a rebound and intensification trend, which was extremely unfavorable to the traditional pig breeding industry. The Group has mainly been engaged in hog farming business, including, "company + farmer" cooperative breeding and company self-breeding. Therefore, the African swine fever and the rising price of feed had caused major problems to the Group's operation.

Driving by the rising feed prices from 2019 to 2021, the Group expects that the relevant prices will continue to surge. In response to the expected increase in the prices, the Group entered into strategic pre-purchase agreements with a number of feed suppliers in 2021 and 2022 to place a large number of raw material orders in the form of prepaid deposits, with an aim to lock in the relevant feed prices in advance and strive to increase the profit margins of the Group's business in the coming year. Of course, this strategic pre-purchase also occupies a large amount of the Group's cash flow resources.

Despite the improvement in overall consumer confidence in China in 2022, fierce competition in the pork sales industry has led to a vicious cycle of increasingly prolonged accounts receivable collection cycles, especially for wholesale distributors. The accounts receivable turnover cycle of the pork sales industry chain has deteriorated extremely, which has brought great difficulties to the Group's sales and operation management. Due to the impact of African swine fever, the government prohibits the cross-regional transfer of live pigs and pork sales, thus the management can only strategically focus on the local sales market in Putian. As the consumers in Putian prefer fresh pork, the Group transformed its pork sales model by terminating the sales of frozen pork and shifted the existing retail model into wholesale model. At the beginning of 2023, the Group had started to reposition and optimize the hog farming industry chain, reduce the scale of breeding on a large degree, and reposition the Group's resources mainly in the upstream Putian black pig breeding preservation project and the downstream slaughtering and processing industry and meat products industry, in order to enhance the Group's living space in the industry.

Due to the downturn in the economic situation, the Company has not been granted a debt extension after several negotiations with Vandi Investments Limited (an indirect wholly-owned subsidiary of CCB International (Holdings) Limited) (the "**Creditor**"). On 18 April 2023, the Company received a statutory demand (the "**Statutory Demand**") from the solicitors acting on behalf of 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 a total amount of HK$681,131,301.37, being the aggregate outstanding principal amount of the HK$150 million 5% secured Convertible Bond and the HK$110 million 6% secured non-convertible Note subscribed by the Creditor together with interest and internal rate of return accrued thereon (the "**Debt**"). The Creditor also denied the previous extension of repayment date of the Debt and the waiver of corresponding default interest, so the demanding amount was much higher than the amount under the Company's record. For prudence sake, the Group had accrued back all the interest of the Debt under the default interest rate 25% in the year 2022. This resulted a tremendous finance cost increase for the year 2022 and a significant loss was recorded in the audited annual results for the year ended 31 December 2022. The same default interest rate 25% was applied on accrual basis for the year ended December 2023.

Due to the dual impact of African swine fever and COVID-19, the breeding industry was in a downturn, coupled with the tightening lending policies by the bankers, the Group's working capital was under a big pressure resulting in the rapid shrinkage of Group's business, which in return the Group's profits declined and the creditors' debt appealed accordingly. Under this vicious cycle, during the audit process, the auditor was unable to provide an audit opinion on the issues such as the fair value of a number of assets, debt items, working capital and going concerns, etc. Consequently, the Company has been in a state of suspension of trading in the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for a long time, which in return many financing means were subsequently limited. It further affected the capital flow and caused a major impact on the Group as a whole which required more audit work for the fair value impairment assessment of a number of assets items, and the audit work for the year 2022 was significantly delayed.

With the tremendous effort by Group's management, the audited annual results for the year ended 31 December 2022 was finalized and published on 21 November 2024 with significant loss of RMB1,039,735,000 recorded. All the impairment loss assessments and additional interest accrual under the Creditor's Statutory Demand were properly made under the most prudent basis with the intention to clear any suspicious doubts of the financial statement as at 31 December 2022.

For the year ended 31 December 2023, the Group recorded a revenue of approximately RMB439,393,000, representing a decrease of approximately 12.0% as compared with approximately RMB499,337,000 for the year ended 31 December 2022. However, the overall gross profit of the Group was approximately RMB51,925,000, representing a significant increase of approximately 162.3% as compared with approximately RMB19,797,000 for the year ended 31 December 2022. The drop in the Group's revenue was still mainly due to (i) the strategically repositioning from reduction of pig breeding business to focus more resources on slaughtering and processing business in order to avoid business risk under turbulence environment of hogs raising industry; and (ii) the shifting of retail business to wholesale business to enhance the overall collection period cycle in order to improve the cashflow position of the Group. The recovery of the Group's gross profit and gross profit margin rate was mainly due to (i) the gradual phase out of the COVID-Zero target during the year 2023; (ii) the gradually stabilized pork meat price despite of remaining at low price level; and (iii) the Group's management efforts on the stringent cost control measures during the period. The management of the Group continuously shifted more business to wholesale distribution channel instead of the retail shops since 2022 under the difficulties of the dragged longer collection period from the retail channel and the fierce and unhealthy competition in the hogs raising industry.

The net loss for the Reporting Period approximately RMB81,687,000 resulted was mainly due to the high finance costs accrued on the default interest rate of 25% under the non-convertible bond and non-convertible note. Furthermore, there was an exceptional written off of inventories RMB32,328,000 under the Typhoon Doksuri (杜蘇芮) disastrous attacking Fujian on 28 July 2023 as shown in the Note 6 Other Income, Gains and Losses, net. So if taking out this exceptional written off expenses, the Group actually recorded the profit before tax and interest RMB20,473,000 for the Reporting Period.

FINANCIAL REVIEW

1. Revenue

The following table sets out a breakdown of the revenue of the Group by sales segments and their relevant percentage to the total revenue during the Reporting Period:

	For the year ended 31 December			
	2023		2022	
	RMB'000	***% of total revenue***	*RMB'000*	*% of total revenue*
Revenue				
Retail of pork	**146,181**	**33.3**	213,959	42.9
Wholesale of pork	**283,826**	**64.6**	266,424	53.4
Retail of frozen pork	**–**	**–**	5,263	1.0
Wholesale of commodity hogs	**9,386**	**2.1**	13,691	2.7
	439,393	**100.0**	499,337	100.0

Note: The sum of the percentages may not be equal to the total due to rounding.

The total revenue of the Group decreased by 12.0% from approximately RMB499,337,000 for the year ended 31 December 2022 to approximately RMB439,393,000 for the year ended 31 December 2023. During the Reporting Period, the decrease in revenue was mainly due to the continuously decreased domestic live hog price. The continuous price decline in pork market had created a more challenging environment for the Group's hog farming business.

Revenue from retail of pork

The Group's revenue from the retail of pork further decreased by around 31.7% from approximately RMB213,959,000 for the year ended 31 December 2022 to approximately RMB146,181,000 for the year ended 31 December 2023. In 2022 and 2023, the "COVID-Zero" target was stringently executed by the local governments of most provinces and cities in Mainland China, making it more difficult to provide distribution service during the period, which in return hindered the penetration of retail business of the Group. On the other hand, the collection period from the retail channel had been dragged much longer than before. Under the cashflow pressure, the management of the Group had strategically shifted more business to wholesale distribution channel instead of the retail shops in 2022.

Revenue from wholesale of pork

For the year ended 31 December 2023, revenue from the wholesale of pork of the Group was approximately RMB283,826,000, representing an increase of approximately 6.5% as compared to RMB266,424,000 for the year ended 31 December 2022. The increase was due to the same reasons mentioned in the paragraph of headed "Revenue from retail of pork".

Revenue from retail of frozen pork

The Group had ceased the sale of frozen pork products for the Reporting Period. The frozen pork products are mainly sold to other provinces outside Fujian Province. Under the circumstance that the strict "COVID-Zero" target policy of various local governments has made it extremely difficult to provide cross-provincial circulation services. Furthermore, the collection period from these other provinces was normally longer than in Fujian Province. In order to improve the Group's overall collection period strategy, the cessation of sales of frozen pork products was resulted.

Revenue from wholesale of commodity hogs

Revenue from wholesale of commodity hogs decreased by 31.4% from approximately RMB13,691,000 for the year ended 31 December 2022 to approximately RMB9,386,000 for the year ended 31 December 2023.

2. Gross Profit and Gross Profit Margin

	For the year ended 31 December			
	2023		2022	
	RMB'000	***Gross Profit Margin (%)***	*RMB'000*	*Gross Profit Margin (%)*
Gross profit and gross profit margin				
Retail of pork	**21,273**	**14.6**	9,069	4.2
Wholesale of pork	**28,418**	**10.0**	8,777	3.3
Retail of frozen pork	**–**	**–**	(955)	-18.1
Wholesale of commodity hogs	**2,234**	**23.8**	2,906	21.2
	51,925	**11.8**	19,797	4.0

The overall gross profit of the Group increased by approximately 162.3% from approximately RMB19,797,000 for the year ended 31 December 2022 to approximately RMB51,925,000 for the year ended 31 December 2023. The overall gross profit margin of the Group sharply increased from approximately 4.0% for the year ended 31 December 2022 to approximately 11.8% for the year ended 31 December 2023. The recovery of the Group's gross profit and gross profit margin rate was mainly due to (i) the gradual phase out of the COVID-Zero target during the year 2023; (ii) the gradually stabilized pork meat price despite of remaining at low price level; and (iii) the Group's management efforts on the stringent cost control measures during the period.

Gross profit and gross profit margin for the retail of pork

Gross profit for the retail of pork increased from approximately RMB9,069,000 for the year ended 31 December 2022 to approximately RMB21,273,000 for the year ended 31 December 2023. The gross profit margin of the retail of pork increased from approximately 4.2% for the year ended 31 December 2022 to approximately 14.6% for the year ended 31 December 2023. The management of the Group continuously shifted more business to wholesale distribution channel instead of the retail shops since 2022 under the difficulties of the dragged longer collection period from the retail channel and the fierce and unhealthy competition in the hogs raising industry.

Gross profit and gross profit margin for the wholesale of pork

Gross profit for the wholesale of pork sharply increased from approximately RMB8,777,000 for the year ended 31 December 2022 to approximately RMB28,418,000 for the year ended 31 December 2023. The gross profit margin of the wholesale of pork increased from approximately 3.3% for the year ended 31 December 2022 to approximately 10.0% for the year ended 31 December 2023. Such significant increase in the gross profit and gross profit margin for the wholesale of port was the result of the Group's management efforts on the stringent cost control measures during the period.

Gross profit and gross profit margin for the wholesale of commodity hogs

Gross profit for the wholesales of commodity hogs decreased from approximately RMB2,906,000 for the year ended 31 December 2022 to approximately RMB2,234,000 for the year ended 31 December 2023. The gross profit margin of the wholesales of commodity hogs slightly increased from approximately 21.2% for the year ended 31 December 2022 to approximately 23.8% for the year ended 31 December 2023. It was the result under the intention of the Group's management to reduce the pigs breeding business.

3. Loss for the Year

With the tremendous effort by Group's management, the audited annual results for the year ended 31 December 2022 was finalized and published on 21 November 2024 with significant loss of RMB1,039,735,000 recorded. All the impairment loss assessments and additional interest accrual under the Creditor's Statutory Demand were properly made under the most prudent basis with the intention to clear any suspicious doubts of the financial statement as at 31 December 2022.

Under the Group's management effort on the stringent cost control measures during the Reporting Period, the gross profit and gross profit margin of the Group had significantly improved as compared to Corresponding Period ended 31 December 2023. The net loss for the Reporting Period approximately RMB81,687,000 resulted was mainly due to the high finance costs accrued on the default interest rate of 25% under the non-convertible bond and non-convertible note. Furthermore, there was an exceptional written off of inventories RMB32,328,000 under the Typhoon Doksuri (杜蘇芮) disastrous attacking Fujian on 28 July 2023 as shown in the Note 6 Other Income, Gains and Losses, net. So if taking out this exceptional written off expenses, the Group actually recorded the profit before tax and interest RMB20,473,000 for the Reporting Period.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Resources

The Group's working capital requirement was principally financed by internally generated cashflow and bank facilities. As at 31 December 2023, cash and bank balance amounted to approximately RMB3,911,000 (31 December 2022: approximately RMB4,580,000).

Subscription of New Shares under General Mandate

Reference is made to the announcements of China Putian Food Holding Limited (the "**Company**") dated 20 December 2022, 26 January 2023 and 9 February 2023 in relation to the subscription of new Shares under General Mandate. Capitalised terms used in this announcement shall have the same meanings as defined in the Announcements unless otherwise defined.

On 20 December 2022, 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 new issue of 360,000,000 shares of the Company (the "**Subscription Shares**") at the Subscription Price of HK$0.05 per Subscription Share. The Subscription Shares were allotted and issued under the General Mandate.

The Completion took place on 9 February 2023 in accordance with the terms and conditions of the Subscription Agreement. An aggregate of 360,000,000 Subscription Shares, representing (i) approximately 19.05% of the issued share capital of the Company immediately before Completion; and (ii) approximately 16.01% of the issued share capital of the Company immediately after Completion, were allotted and issued to the Subscriber at the Subscription Price of HK$0.05 per Subscription Share under the General Mandate pursuant to the terms and conditions of the Subscription Agreement. The Company applied the net proceeds from the Subscription towards general working capital of pig breeding business.

The Financing and Debt Restructuring Plan

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.

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.

Appointment of Receivers in respect of shares of the Company

Reference is made to the announcements of the Company dated 9 November 2023, 8 December 2023, 8 January 2024, 8 February 2024, 8 March 2024, 8 April 2024, 8 May 2024, 7 June 2024, 8 July 2024, 8 August 2024, 6 September 2024 and 8 October 2024 (the "**Announcements**") relating to the appointment of Receivers in respect of 816,000,000 ordinary shares of the Company, which represents approximately 36.28% of the total issued shares of the Company as at the date of this announcement. Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as defined in the Announcements.

The board received a letter on 7 November 2023 from Mr. So Man Chun and Mr. Jong Yat Kit of PricewaterhouseCoopers Limited (the "**Receivers**") regarding the appointment of the joint and several receivers over 816,000,000 ordinary shares of the Company (the "**Shares**") (the "**Charged Shares**"), which represent approximately 36.28% of the total issued Shares as at the date of this announcement. The Receivers were appointed pursuant to the share charge dated 13 October 2016 entered into between the Company as the chargor and Vandi Investments Limited as the chargee over the Charged Shares.

As at the date of this announcement, Zhan Rui Investments Limited which is wholly owned by Mr. Cai Chenyang is the holder of the Charged Shares, which represent approximately 36.28% of the total issued Shares.

As at the date of this announcement, save for the aforesaid, the Company has not received any news or further development information on the Charged Shares.

Bank Borrowings and Pledged Assets

As at 31 December 2023, the total amount of interest-bearing bank borrowings was approximately RMB117,523,000 (2022: approximately RMB121,406,000). The total amounts of interest-bearing bank borrowings and bank overdrafts were denominated in RMB and HKD and bore a floating interest rate.

As at 31 December 2023, interest-bearing borrowings of approximately RMB358,130,000 were secured by pledge/charge over the Group's property, plant and equipment and right-of-use asset with a total carrying value of approximately RMB43,308,000 (2022: approximately RMB49,991,000), and secured by (i) guarantees provided by the Company and its subsidiaries; (ii) Mr. Cai Haifang, who is the director of the Company, and his wife; and (iii) Mr. Cai Chenyang, who is the director, chairman of the Board and a major shareholder of the Company.

Bank borrowings of approximately RMB111,523,000 (the "**Debt**") which were repayable on demand or repayable within one year and which was in default up to the date of this announcement. The Board will continue to actively negotiate with bankers to extend the Debt including the overdue interests and also seeking potential buyers to repurchase the Debt as new loan restructuring.

Gearing Ratio

As at 31 December 2023, the gearing ratio of the Group was is not available as the Group recorded a net deficit position as at 31 December 2023 (2022: Not available). This was calculated by dividing interest-bearing borrowings, the amount due to a shareholder, bank overdrafts and lease liabilities by the total equity of the Group as at 31 December 2023.

Foreign Exchange Risk

The Group's main operations are located in Putian City, Fujian Province of the PRC. Most of the assets, income, payments and cash balances are denominated in RMB. In addition, the Group has not entered into any foreign exchange hedging arrangement. The Directors consider that exchange rate fluctuation had no material impact on the Group's performance.

Material Acquisitions and Disposals of Subsidiaries

The Group had no material acquisitions and disposals of subsidiaries during the Reporting Period.

Contingent Liabilities

As at 31 December 2023, the Group had no material contingent liabilities (2022: Nil).

Capital Commitments

As at 31 December 2023, the Group had capital commitments of approximately RMB36,980,000 (2022: approximately RMB36,980,000), which mainly comprised commitments for the construction in process in Hebei and Fujian.

Human Resources

As at 31 December 2023, the Group had 124 (2022: 206) employees. Staff costs (including share option scheme, sales commission, staff salaries and welfare expenses, contributions to retirement benefit schemes and staff and workers' bonus and welfare fund) amounted to approximately RMB10,914,000 (2022: approximately RMB16,218,000) during the Reporting Period. All the Group's companies treat all their employees equally, with the selection and promotion of individuals being based on their suitability for the position offered. The Group operates a defined contribution mandatory provident fund retirement benefits scheme for our employees in Hong Kong, and provides our PRC employees with various welfare schemes as required by the applicable laws and regulations in the PRC.

EVENTS AFTER REPORTING PERIOD

1. Decision of the Listing Committee on Cancellation of Listing and Review Request of the Decision

Trading in the shares of the Company has been suspended since 3 April 2023.

On 18 October 2024, the Company received a letter (the "**Letter**") from the Stock Exchange stating that the Listing Committee of the Stock Exchange (the "**Listing Committee**") has decided to cancel the Company's listing under Rule 6.01A(1) of the Listing Rules (the "**Decision**"). On 28 October 2024, the Company made a request for the review of the Listing Committee's Decision by the Listing Review Committee.

Currently, the Company has focused all resources to solve the problems and requested the Listing Review Committee to overturn the Decision.

For details, please refer to the Announcements and the announcement published on the websites of the Stock Exchange and the Company on 4 November 2024 under the title of "(1) Decision of the Listing Committee; (2) Right of Review and Review Request of the Decision; and (3) Continued Suspension of Trading".

2. Litigations

On 17 June 2024, a writ of summons was received by the Company from Bank of China (Hong Kong) Limited to claim against the Company for the outstanding indebtedness under the revolving loan facilities granted to the Company of principal and interest totaled HK$8,866,336.02.

On 29 March 2024, a civil prosecution appeal was received by Tianyi (Fujian) Modern Agriculture Development Co., Ltd ("**Tianyi**"), a wholly owned subsidiary of the Company, from the plaintiff Bank of China Co., Ltd. Putian Branch to claim against Tianyi for the outstanding indebtedness of bank borrowings of principal and interest totaled RMB97,916,728.81.

On 24 September 2024, a writ issued under Xianyou County People's Court was received by Tianyi, from the plaintiff Fujian Strait Bank Co., Ltd. Xianyou Branch to claim against Tianyi for the outstanding indebtedness of bank borrowings of principal and interest totaled RMB3,035,331.08.

Up to date of this announcement, the Board is still in process to actively negotiate with the above bankers to extend the repayment of the borrowings date including the overdue interests and also seeking potential buyers to repurchase the borrowings as new loan restructuring.

3. **Winding Up Petition**

On 14 October 2024, a winding up petition (the "**Petition**") was presented against the Company in respect of the outstanding salaries owed to Mr. Chu Kim Ho (the "**Petitioner**"). The Petition has been listed to be heard at the High Court of The Hong Kong Special Administrative Region (the "**High Court**") at 9:30 a.m. on 18 December 2024.

On 1 November 2024, the Company reached a settlement proposal with the Petitioner and the Petitioner has filed the High Court of the Consent Summons to withdraw the Petition on 4 November 2024.

For details, please refer to the announcement published on the websites of the Stock Exchange and the Company on 4 November 2024 under the title of "Inside Information Announcement in relation to Winding Up Petition and Continued Suspension of Trading".

PROSPECTS

Faced with such huge difficulties in the last two years, the Group is positively enhancing its survivability with a focus on the following areas:

1. **The Financing and Debt Restructuring Plan**

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 also 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 Company will achieve the conversion of the Debt into equity by issuing the Company's shares to the Potential New Investor.

2. **Strategic Repositioning in the Pig Breeding Industry Chain**

As mentioned before, the severe competition environment in the pig breeding industry had resulted the Group with low gross profit and cash flow problems. The Group had strategically repositioned its focus in the slaughtering industry and the meat products processing industry and significantly reduced the size of its pig breeding business. The Group has entered into a strategic cooperation agreement with Beijing Secondary Meat Group Limited* (北京二商肉類食品集團有限公司) ("**Beijing Secondary Meat**") on 14 December 2023. The strategic alliance with Beijing Secondary Meat will generate stable profit margin of the Group's hog slaughterhouse business as well as provide opportunities for business expansion with an established hog supplier in the PRC.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend for the Reporting Period (for the year ended 31 December 2022: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

AUDIT COMMITTEE

The audit committee of the Company ("**Audit Committee**") consists of three independent non-executive Directors, namely, Mr. Xue Chaochao, Mr. Ke Qingming and Mr. Wang Aiguo. Mr. Xue Chaochao is the chairman of the Audit Committee. The Audit Committee has reviewed the accounting principles and standards adopted by the Group. The annual results of the Group for the Reporting Period have been reviewed by and agreed with the Audit Committee.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

During the Reporting Period, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules on the Stock Exchange as the code of conduct regarding securities transactions by the Directors. Upon specific enquiries of all the Directors, each of them confirmed that they have complied with the required standards set out in the Model Code during the Reporting Period.

CORPORATE GOVERNANCE

During the Reporting Period, the Company has adopted the code provisions in Part 2 of the Corporate Governance Code (the "**Code**") set out in Appendix C1 to the Listing Rules. Save as disclosed below, none of the Directors is aware of any information which would reasonably indicate that the Company has not, during the Reporting Period, complied with all applicable code provisions of the Code.

Code Provision C.2.1

Code C.2.1 of the Code stipulates that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Mr. Cai Chenyang is the chairman and the chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals who meet regularly to discuss issues affecting the operation of the Company. The Board believes that this structure, in the period of rapid business development of the Company, is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Cai Chenyang and believes that having Mr. Cai Chenyang performing the roles of chairman and chief executive officer is beneficial to the business prospect of the Group.

PUBLICATION OF FINANCIAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is available for viewing on the websites of the Stock Exchange and the Company. The annual report for the Reporting Period will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 3 December 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.

* *For identification purpose only*