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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)

ANNOUNCEMENT BUSINESS UPDATE

This announcement is made by the board of directors (the “**Board**”) of China Putian Food Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) to keep the shareholders and potential investors of the Company informed of the latest business development of the Group.

UPDATE ON THE GROUP’S BUSINESS PERFORMANCE

According to the unaudited management accounts of the Group in 2024, the Group recorded total revenue of approximately RMB500 million for 2024, representing an increase of approximately 14% as compared to RMB439 million recorded in 2023, and the EBITA for 2024 (excluding the impact of debt (“**CCB Debt**”) alleged in a statutory demand by an indirect subsidiary of CCB International Holdings Limited as disclosed in the announcement dated 25 May 2023) is RMB26.40 million, representing 29% increase as compared to RMB20.47 million recorded in 2023 (as disclosed on page 21 of 2023 annual results), which was mainly attributable to (i) the Group reduced its own hog farming while increased the external procurement of hogs which proved to be a correct business strategy in 2024 when the live hogs price remained at low end which rendered slaughtering and sale of externally-procured live hogs more profitable than slaughtering and sale of self-bred hog; (ii) the Group shifted its sales model from retail business to wholesale business, resulting in a substantial reduction in the costs of labor, store rentals, etc.; and (iii) the continuous and effective stringent cost control measures adopted by the management of the Group.

With respect to sale of externally-procured live hogs, the Company mainly sourced live hog supply from government-accredited hog farms in Fujian area for slaughtering at the Company's self-owned slaughter house in Putian, Fujian. After the slaughtering, the Company mainly sold pork and related pork products to pork wholesale shops and pork retail shops in Putian and nearby areas in Fujian, as well as certain institutional customers (such as factory) which has large-quantity demand for pork. The Company also sold its own branded pork-related products via third party on-line platform. Under the business model of slaughtering and sale of externally-procured live hogs, the Company was normally able to collect sale payment within 3 days after it made purchase payment to live hog suppliers, and accordingly the cashflow pressure is comparatively much lighter than the maintenance of self-bred live hogs.

As at the date of this announcement, the Company has entered into sales contracts with new customers (i.e. customers who have not placed orders with the Company in 2024) amounting to approximately RMB130 million for 2025, which will provide strong support for the growth in operating results of 2025. Looking ahead, the Company will continue to proactively expand its business and adjust its business strategies in light of changes in market price of live pigs to further expand its local market share in order to drive future growth and create greater value for the Company's shareholders and investors.

UPDATE ON SELF-OWNED SLAUGHTERING HOUSE AND SELF-BREEDING HOG FARMS

The Company owns a slaughtering house with land size of approximately 36,096 m² which is situated in Putian, Fujian, and is the sole accredited slaughtering house in the Chengxiang District, Putian City, Fujian.

The Company owns three hog farms, and hereby provides updates with respect to the three hog farms below.

Since 2013, the Company's Xiang Li Xiang black pig hog farm (鄉里香黑豬場) in Putian, Fujian has been operating normally and never halted production. The Company sold black pig pork products under its own brand of "Putian•Black Pearl (普甜•黑珍珠)".

After temporary operation discontinuance, the Company has re-commenced hog feeding in its hog farm in Fujian, PRC in December 2024 ("**Shiti Hog Farm (石梯養豬場)**"). The Company's business model has always been sale of pork and related products, and live hogs, while the Company adjusts its periodic business strategy to focus on either slaughtering and sale of self-breeding hogs or slaughtering and sale of hogs procured from third party suppliers depending on its business judgment on the live hogs price trend. For example, in 2022, 2023 and 2024, the Company has made the correct business prediction that the live hogs price will go down. Accordingly, the Company has adjusted business strategy to increase proportion of purchase of hogs from third party suppliers, and such business strategy has avoided losses resulting from self-breeding hog's market price being even lower than the cost price for self-breeding hogs. Looking ahead, the Company considers that the live hogs price might have stabilized and is expected to bounce back. As such, the Company has recommenced

self-breeding hog farms in Shiti Hog Farm. The 2022 annual results announcement has made impairment of RMB328 million in light of temporary operation discontinuance of the Shiti Hog Farm. It is expected that certain reversal will be made in this regard upon recommencement of operation of Shiti Hog Farm.

With respect to the hog harm in Hebei (“**Hebei Hog Farm (河北養豬場)**”), the Group currently plans to sell the Hebei Hog Farm for a price of more than RMB60 million. The 2022 annual results announcement has made impairment of RMB80 million in light of temporary operation discontinuance of the Hebei Hog Farm. It is expected that sale price will bring positive impact to net asset upon sale of Hebei Hog Farm.

UPDATE ON CCB DEBT RESTRUCTURING

As disclosed on page 26 of the 2023 annual results announcement dated 3 December 2024, the Company was implementing the Financing and Debt Restructuring Plan (“**CCB Debt Restructuring**”). The Company hereby provides update that, on 31 December 2024, the Company has entered into a legally-binding debt-equity-conversion framework agreement with Mr. Zhang Zhen (“**Mr. Zhang**”), the principal terms of which are as follows: (1) Mr. Zhang will deposit HK\$26,000,000 (or its equivalent in other currency) into the escrow account of a law firm no later than 6 January 2025 for acquiring the CCB Debt, the release of which will only be subject to the Company obtaining approval of trading resumption (whether conditional or not); Mr. Zhang may request return of the escrow fund without interest if the Company fails to obtain the trading resumption approval by 30 December 2025; (2) Mr. Zhang will utilize the total amount of CCB Debt to subscribe for not more than 25% shares of the Company at consideration of the full amount of the CCB Debt; and (3) Mr. Zhang will not own more than 30% of shares of Company upon completion of CCB Debt Restructuring, and therefore will not need to apply for the relevant waiver of mandatory general offer from the SFC. As at the date of this announcement, the Company has obtained the written approval of the aforesaid debt-to-equity conversion proposal from the Shareholders who hold more than 50% of the Shares of the Company.

On 31 December 2024, the Company and Mr. Leong Lap Kun (梁立權) (“**Mr. Leong**”) have entered into an agreement, the principal terms of which are as follows: (1) Mr. Leong agreed to deposit HK\$2,000,000 to the escrow account of a law firm no later than 6 January 2025, the release of which will only be subject to the Company obtaining approval of trading resumption (whether conditional or not); (2) Mr. Leong may request return of the escrow fund without interest if the Company fails to obtain the trading resumption approval by 30 December 2025; and (3) Mr. Leong shall make effort to facilitate, among others, the trading resumption.

The total consideration for the CCB Debt Restructuring is HK\$30,000,000, of which HK\$2,000,000 has been settled, and the remaining consideration of HK\$28,000,000 is expected to be deposited into escrow account of a law firm by 6 January 2025 which release are only subject to the Company obtaining trading resumption approval. As such, the Company is optimistic that once the Company obtains trading resumption approval, the CCB Debt Restructuring will be completed.

MR. ZHANG’S ADDITIONAL FINANCIAL ASSISTANCE TO THE COMPANY

Reference is also made to page 8 of the 2023 annual results announcement dated 3 December 2024 where it was disclosed that “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”. The Company hereby supplements that Mr. Zhang has already made payment equivalent to approximately HK\$12,000,000 to the Company.

This announcement is made based on the Board’s preliminary review of the relevant unaudited management accounts of the Group and the information currently available to the Board, and it is not based on any figure and information which have been audited or reviewed by the Group’s auditors. The data and information contained in this announcement do not constitute, represent or indicate the full picture of the Group’s total revenue, gross profit or financial performance. The information contained in this announcement may be subject to change or adjustment. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 3 April 2023 and will remain suspended until further notice.

Shareholders and potential investors 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, 31 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.