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凤祥食品

SHANDONG FENGXIANG CO., LTD.

山東鳳祥股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 9977)

**QUARTERLY UPDATE ON RESUMPTION PROGRESS AND
APPLICATION FOR EXTENSION OF WAIVER FROM STRICT
COMPLIANCE WITH RULE 8.08(1)(a) OF THE LISTING RULES**

This announcement is made by Shandong Fengxiang Co., Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions 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 1 February 2023, 18 April 2023, 26 April 2023, 5 May 2023, 1 August 2023, 27 August 2023, 11 September 2023, 20 September 2023, 6 October 2023, 9 October 2023 and 1 November 2023 (collectively, the “**Announcements**”) in relation to, among other things, (i) the close of the Offers and the insufficient public float of the Company; (ii) the suspension of trading in the H Shares with effect from 9:00 a.m. on 2 February 2023; (iii) the waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules for the period from 1 February 2023 to 31 August 2023, and such extension to 31 December 2023 for the Company to restore its minimum public float; (iv) the resumption guidance from the Stock Exchange received by the Company on 25 April 2023 (the “**Resumption Guidance**”); (v) the quarterly updates on resumption progress; (vi) the Subscription; (vii) the Disposal; and (viii) the Further Disposal. Unless otherwise defined herein or where the context otherwise requires, capitalised terms shall have the same meanings as those set out in the Announcements.

UPDATES ON RESUMPTION PROGRESS

Pursuant to Rule 13.24A of the Listing Rules, the board of directors of the Company (the “**Board**”) wishes to update the Company’s shareholders and potential investors that, as at the date of this announcement, the latest developments of the Group and the progress of fulfilling the Resumption Guidance are as follows:

Business Operations

The Group produces and sells processed chicken meat products and raw chicken meat products mainly from white-feathered broilers. The main products include (i) processed chicken meat products; (ii) raw chicken meat products; (iii) chicken breeds; and (iv) others. Apart from its leading domestic market position in the PRC, the Group has an established and growing export business supplying a wide range of premium quality chicken meat products to overseas customers in Japan, Malaysia, Europe, the Middle East, Korea, Mongolia and Singapore.

As at the date of this announcement, the business operations of the Group are continuing as usual in all material aspects notwithstanding the suspension of trading in the H Shares. Please refer to the Company’s announcement dated 31 October 2023 for details of the latest business developments regarding the Group for the third quarter of 2023.

Status on the Restoration of Public Float

In order to satisfy the Resumption Guidance, the Company has been taking appropriate steps to restore its public float as required under Rule 8.08(1)(a) of the Listing Rules and resume the trading in H Shares as soon as practicable. The Board resolved to allot and issue not more than 300,000,000 new H Shares to parties who are not connected persons and would constitute the public shareholders of the Company at an issue price of not lower than HKD1.5132 per H Share, and the specific mandate was approved by the shareholders of the Company at the annual general meeting, and the class meetings of the holders of H Shares and domestic Shares held on 19 May 2023.

The Company entered into two subscription agreements on 26 August 2023, pursuant to which the Company allotted and issued 182,618,000 H Shares to two subscribers, representing approximately 11.54% of the issued share capital of the Company as at the date of this announcement. Please refer to the Company’s announcements dated 27 August 2023 and 11 September 2023 for details of the Subscription.

In order to assist the Company in restoring its public float in compliance with the relevant requirement under the Listing Rules, the Offeror completed sales of 80,520,000 H Shares, representing approximately 5.09% of the issued share capital of the Company as at the date of this announcement. Please refer to the Company’s announcements dated 20 September 2023 and 6 October 2023.

To the best knowledge, information and belief of the Directors, as at the date of this announcement, 395,110,395 H Shares, representing approximately 24.97% of the issued Shares, are held by the public (within the meaning of the Listing Rules), which is below 25% of the total issued share capital of the Company held by the public as prescribed by Rule 8.08(1)(a) of the Listing Rules.

APPLICATION FOR EXTENSION OF WAIVER FROM STRICT COMPLIANCE WITH RULE 8.08(1)(a) OF THE LISTING RULES

The Company and the Offeror have placed tremendous efforts to restore the Company's public float as required under Rule 8.08(1)(a) of the Listing Rules and resume the trading in H Shares as soon as practicable.

The trading of the Company's H Shares has been suspended since 2 February 2023. The H Shares are not available in the open market and the Company and the Offeror need to further reach out to potential investors and negotiate on an individual basis. Meanwhile, given Hong Kong stocks experienced a dropping trend since February 2023, the potential investors has become more conservative for the volatile Hong Kong stock markets, which increases the difficulty for the Company, the Offeror and the placing agent to persuade them. It is also expected that potential investors may wait for a more suitable window to make investment decision considering the prevailing market conditions and the current PRC regulatory environment as well as the annual results of the Company for the year ended 31 December 2023 (the "**2023 Annual Results**"). They require the review of the financial statements contained in the Company's announcement regarding the 2023 Annual Results which is expected to be published before 31 March 2024 as part of the customary due diligence exercise. As such, the Offeror and/or the Company may only be able to further discuss with the potential investors their key due diligence areas, key terms (including pricing) and enter into definitive transaction documents with potential investors after review of the 2023 Annual Results.

Based on the latest development, most of the potential investors that have shown interest to invest into the Company are PRC institutional investors. As such, the Company expects that those potential investors would most likely require the ODI approval, filing and registration, and foreign exchange control-related registration for completing the subscription or purchase of the Company's H Shares. Therefore, time required for completion of the subscription or purchase of the H Shares will depend on the identity, needs, practicality and any regulatory approvals or filings that may be required from the potential investors' perspective, which may take three to four months or even longer, subject to the specific circumstances of such potential investors and local practices where the ODI approval, filing or registration and the foreign exchange registration need to be made.

Based on the above, more time is required to implement the plan for restoring the public float. The Company applied for, and the Stock Exchange granted, a waiver from strict compliance with the requirements under Rule 8.08(1)(a) of the Listing Rules for a period from 1 February 2023 to 31 August 2023 with a further extension to 31 December 2023 (the “**Waiver**”). The Company applied to the Stock Exchange for an extension of Waiver for the period commencing from 1 January 2024 to 30 April 2024 (the “**Extended Waiver Period**”). On 6 February 2024, the Stock Exchange granted an extension of the waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules for the Extended Waiver Period, subject to the issue of this announcement. The Stock Exchange may withdraw or change the waiver if the Company’s situation changes. The Company and the Offeror will continue to use their reasonable endeavours to restore public float as soon as practicable. The Company and the Offeror are continuously proactively formulating and finalising workplans for restoration of public float and seeking for potential investors to subscribe or purchase the H Shares.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the H Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 February 2023. Trading in the H Shares will remain suspended until further notice.

The Company will publish further announcement(s) to inform the shareholders of its progress in complying with the Resumption Guidance, the status of restoration of the minimum public float requirement, as well as quarterly updates on its development pursuant to Rule 13.24A of the Listing Rules.

The Company would like to remind the shareholders and potential investors of the Company to rationally deal with any information not officially released by the Company and to exercise caution when dealing in the shares of the Company.

By order of the Board
Shandong Fengxiang Co., Ltd.
Zhu Lingjie
Chairman

Shandong, the PRC, 7 February 2024

As at the date of this announcement, the Board comprises Mr. Xiao Dongsheng and Mr. Shi Lei as executive directors; Mr. Qiu Zhongwei, Mr. Lu Wei, Mr. Zhu Lingjie and Ms. Zhou Ruijia as non-executive directors; and Ms. Wang Anyi, Ms. Zhao Yinglin and Mr. Chung Wai Man as independent non-executive directors.