

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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)**

## **VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE**

This announcement is made by Shandong Fengxiang Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to provide the shareholders and potential investors of the Company with the latest business developments regarding the Group for the third quarter of 2020.

For the third quarter of 2020, the Group achieved unaudited total revenue of approximately RMB989 million, representing an increase of 6.2% as compared to the second quarter of 2020.

In terms of channels: the new retail business achieved revenue of approximately RMB202 million, representing an increase of 7.7% and 132.6% as compared to the second quarter of 2020 and the corresponding period in 2019, respectively; the new centralised procurement business achieved revenue of approximately RMB203 million, representing an increase of 7.9% and 14.6% as compared to the second quarter of 2020 and the corresponding period in 2019, respectively; the new export business achieved revenue of approximately RMB215 million, representing an increase of 2.5% and a decrease of 18.9% as compared to the second quarter of 2020 and the corresponding period in 2019, respectively.

In terms of products: the sales volume of processed chicken meat products was approximately 23,000 tons, representing an increase of 16.4% and 30.6% as compared to the second quarter of 2020 and the corresponding period in 2019, respectively; revenue from sales of processed chicken meat products was RMB468 million, representing an increase of 9.3% and 28.4% as compared to the second quarter of 2020 and the corresponding period in 2019, respectively. The sales volume of raw chicken meat products was approximately 50,000 tons, representing an increase of 5.8% and 17.8% as compared to the second quarter of 2020 and the corresponding period in 2019, respectively; revenue from sales of raw chicken meat products was approximately RMB473 million, representing an increase of 6.5% and a decrease of 15.0% as compared to the second quarter of 2020 and the corresponding period in 2019, respectively. As for the revenue from the Group's core business, the proportion of revenue from processed chicken meat products further increased to 49.7% while the revenue from raw chicken meat products was 50.3%. In addition, the non-core business, including chicken breeds, achieved revenue of approximately RMB47 million.

The unaudited total revenue of the Group for the third quarter of 2020 was mainly attributable to (1) the Company's adherence to its product strategy of "shifting from raw to processed chicken meat products" and its channel strategy of "B+C" continuously, more focus on its core business and products and the emphasis on developing and improving its B2C business; and (2) the Company has been devoted to capacity expansion and allocated resources efficiently to the new retail business and the new centralised procurement business, which are undergoing leapfrog development, and the new export business, which is undergoing transformation and upgrading.

Looking forward, the Group will (1) effectively manage and control its operating costs and continue to increase investment in research and development so as to enhance the competitiveness of its products; (2) maintain precise placement and effective communication and increase efforts in marketing and promotion continually to improve brand influence; and (3) stick to the "123" development strategy and continue to promote the mutual empowerment and synergy of "all-channels, all-categories and all-scenarios".

**The board of directors of the Company (the "Board") hereby reminds the shareholders and potential investors of the Company that the above announcement is made based on unaudited operational data of the Group and the information to the extent available to the Group and such data or information has not been audited or reviewed by the Company's auditor or the Company's audit committee. Differences may arise between such figures and the disclosure in subsequent results announcements, financial reports and/or other relevant corporate materials.**

**The content of this announcement does not constitute profit alert or profit warning, and is only for the cautious reference of the shareholders and potential investors of the Company only.**

**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  
**Shandong Fengxiang Co., Ltd.**  
**Liu Zhiguang**  
*Chairman*

Shandong, the PRC  
27 October 2020

*As at the date of this announcement, the Board comprises Mr. Liu Zhiguang, Mr. Xiao Dongsheng, Mr. Ow Weng Cheong and Mr. Wang Jinsheng as executive directors, Mr. Liu Xuejing and Mr. Zhang Chuanli as non-executive directors, and Mr. Guo Tianyong, Mr. Zhang Ye and Mr. Chung Wai Man as independent non-executive directors.*