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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)*

## **ANNOUNCEMENT**

- (1) ADOPTION OF CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES;**
- (2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;**
- AND**
- (3) PROPOSED CHANGE OF OVERSEAS AUDITOR**

### **ADOPTION OF CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES**

Since the date on which the H shares of Shandong Fengxiang Co., Ltd. (the “**Company**”) became listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the Company has been preparing its financial statements under both the China Accounting Standards for Business Enterprises (“**CASBE**”) and the International Financial Reporting Standards (“**IFRSs**”).

According to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》) published by the Stock Exchange in December 2010, Mainland incorporated issuers listed in Hong Kong are allowed to prepare their financial statements in accordance with CASBE and Mainland audit firms approved by the Ministry of Finance (the “**MOF**”) of the People's Republic of China (the “**PRC**”) and the China Securities Regulatory Commission (the “**CSRC**”) are allowed to adopt the China Standards on Auditing in providing services to the issuers.

In view of the aforesaid arrangement and in order to facilitate the application process of the proposed issue of the A shares of the Company, and to align the financial information disclosure of the Company in both markets, the board of directors of the Company (the “**Board**”) considered and approved a resolution on 19 April 2021 in relation to the change of its basis for preparation of the overseas financial statements from IFRSs to CASBE, subject to the approval of the shareholders of the Company (the “**Shareholders**”) at the upcoming annual general meeting (the “**AGM**”) on the proposed amendments to the articles of association of the Company (the “**Articles of Association**”).

Subject to the approval of the Shareholders of the proposed amendments to the Articles of Association, the results of the Company for the year ending 31 December 2021 are expected to be prepared in accordance with CASBE. The Board is of the view that the adoption of CASBE will enhance efficiency and reduce disclosure costs and is in the interests of the Company and its Shareholders as a whole.

As confirmed by BDO China SHU LUN PAN Certified Public Accountants LLP (“**BDO China**”), the preparation of all of the Company’s financial statements in accordance with the CASBE will not have a significant impact on the financial position, operating results and cash flows of the Company in 2021 and in the future.

## **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

In view of the adoption of CASBE, the Board considered and approved a resolution in relation to the proposed amendments to the Articles of Association on 19 April 2021. Details of the proposed amendments to the Articles of Association are set out in the Appendix to this announcement.

The proposed amendments to the Articles of Association are subject to the approval of the Shareholders at the AGM. Save for the proposed amendments to the Articles of Association, other provisions of the Articles of Association will remain unchanged. The proposed amendments to the Articles of Association will become effective upon the approval by the Shareholders at the AGM.

## **PROPOSED CHANGE OF OVERSEAS AUDITOR**

BDO Limited currently acts as the Company's overseas auditor which is responsible for auditing the financial statements of the Company prepared in accordance with IFRSs. In view of the above change to the standards in the preparation of the Company's overseas financial statements, the Board also proposed to change the Company's overseas auditor from BDO Limited to BDO China, subject to the approval of the Shareholders at the AGM.

BDO China is a certified public accountant firm approved by the MOF and the CSRC and is qualified to adopt the China Standards on Auditing in providing auditing services to the issuers incorporated in the Mainland and listed in Hong Kong. BDO China currently acts as domestic auditor of the Company. Subject to the approval of the Shareholders at the AGM on the proposed change of the overseas auditor, BDO China will become the only auditor auditing the financial statements of the Company in accordance with CASBE, and undertake the role of overseas auditor in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

BDO Limited confirms that there is no circumstance relating to the proposed change of overseas auditor that needed to be brought to the attention of the Shareholders. The Board is not aware of any issues relating to the proposed change of overseas auditor that needed to be brought to the attention of the Shareholders. The Board and the audit committee of the Company confirm that there is no disagreement between the Company and BDO Limited in relation to the proposed change of overseas auditor.

A circular containing details of, among other things, the proposed amendments to the Articles of Association and the proposed change of overseas auditor will be despatched to the Shareholders in due course.

By order of the Board  
**Shandong Fengxiang Co., Ltd.**  
**Liu Zhiguang**  
*Chairman*

Shandong, the PRC  
19 April 2021

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

## APPENDIX — PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

*The Articles of Association are written in Chinese. The English version is an unofficial translation of its Chinese version and is for reference only. In case of any discrepancies, the Chinese version shall prevail.*

The proposed amendments to the Articles of Association are set out below:

<b>Provisions of current Articles of Association</b>	<b>Provisions of amended Articles of Association</b>
<p><b>Article 153</b> The fiscal year of the Company is Gregorian calendar year, i.e. from 1 January to 31 December every year.</p> <p>At the end of each fiscal year, the Company shall prepare a financial report which shall be audited and verified according to law.</p> <p>The financial statements of the Company shall be prepared in accordance with not only PRC accounting standards and regulations, but also the international accounting standards or the accounting standards of the overseas listing place. If there are any material differences between the financial statements prepared in accordance with the two accounting standards, such differences shall be stated in the notes to the financial statements.</p> <p>The Company shall distribute the after-tax profit of the relevant fiscal year as per the less of the after-tax profits in the aforesaid two financial reports.</p>	<p><b>Article 153</b> The fiscal year of the Company is Gregorian calendar year, i.e. from 1 January to 31 December every year.</p> <p>At the end of each fiscal year, the Company shall prepare a financial report which shall be audited and verified according to law.</p> <p>The financial statements of the Company shall be prepared in accordance with <del>not only PRC accounting standards</del> <u>China Accounting Standards for Business Enterprises and the requirements of applicable laws</u> and regulations, <del>but also the international accounting standards or the accounting standards of the overseas listing place.</del> If there are any material differences between the financial statements prepared in accordance with the two accounting standards, such differences shall be stated in the notes to the financial statements.</p> <p><del>The Company shall distribute the after-tax profit of the relevant fiscal year as per the less of the after-tax profits in the aforesaid two financial reports.</del></p>

<b>Provisions of current Articles of Association</b>	<b>Provisions of amended Articles of Association</b>
<p><b>Article 157</b> The Company shall publish its financial reports twice every fiscal year. The interim financial report shall be published within 60 days after the first 6 months of each fiscal year and the annual financial report shall be published within 120 days after each fiscal year.</p> <p>The interim results or financial data announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the overseas listing place.</p>	<p><b>Article 157</b> The Company shall publish its financial reports twice every fiscal year. The interim financial report shall be published within 60 days after the first 6 months of each fiscal year and the annual financial report shall be published within 120 days after each fiscal year.</p> <p>The interim results or financial data announced or disclosed by the Company shall be prepared in accordance with <del>the PRC accounting standards</del> <u>China Accounting Standards for Business Enterprises</u> and the requirements of <u>applicable laws</u> and regulations <del>as well as the international accounting standards or the accounting standards of the overseas listing place.</del></p>