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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 IN RELATION TO WITHHOLDING TAX  
IN RESPECT OF  
2020 FINAL DIVIDEND AND CLOSURE OF  
REGISTER OF HOLDERS OF H SHARES**

Reference is made to circular of Shandong Fengxiang Co., Ltd. (the “**Company**”) dated 23 April 2021 and the announcement dated 28 May 2021 in respect of the poll results of the 2020 annual general meeting of the Company (the “**2020 AGM**”). The board of directors of the Company (the “**Board**”) wishes to announce further information in relation to the payment of the 2020 Final Dividend (as defined below) which has been approved at the 2020 AGM as follows.

**2020 FINAL DIVIDEND**

The profit distribution plan of the Company for the year ended 31 December 2020 was approved at the 2020 AGM. The 2020 final dividend of RMB0.03 per share (tax inclusive) (“**2020 Final Dividend**”) payable to the shareholders whose names appear on the register of holders of H shares (the “**H Shares**”) of the Company (the “**H Shareholders**”) at the close of business on Thursday, 10 June 2021 (the “**Record Date**”) will be paid in Hong Kong dollars. For such conversion, the exchange rate shall be the average selling rate of Renminbi to Hong Kong dollars as announced by the People’s Bank of China a week prior to the declaration of the 2020 Final Dividend which was in the amount equivalent to HK\$0.0356 per share (tax inclusive) (i.e. HK\$100 to RMB84.1542). Shareholders whose names appear on the registers of members of domestic shares (the “**Domestic Shares**”) of the Company on Thursday, 10 June 2021 will be entitled to receive the 2020 Final Dividend in Renminbi.

In order to determine the H Shareholders who are entitled to receive the 2020 Final Dividend, the Company's register of H Shareholders will be closed from Monday, 7 June 2021 to Thursday, 10 June 2021, both days inclusive, during which period no transfer of H shares of the Company will be effected. For the purpose of determining the entitlements of Shareholders to the Final Dividend, all properly completed share transfer forms together with the relevant share certificates must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares) or the Company's registered office at Liumiao Village, Anle Town, Yanggu County, Liaocheng City, Shandong Province, the People's Republic of China ("PRC") (for holders of Domestic Shares) for registration not later than 4:30 p.m. on Friday, 4 June 2021. The 2020 Final Dividend will be paid on or around Wednesday, 28 July 2021. In the event of any change in the above dates, the Company will make a further announcement.

In addition, the Board hereby advises on the withholding arrangements regarding enterprise income tax and individual income tax for the H Shareholders on 2020 Final Dividend under relevant laws and regulations as follows:

## **ENTERPRISE INCOME TAX**

Pursuant to the "Enterprise Income Tax Law of the People's Republic of China" (《中華人民共和國企業所得稅法》), the "Detailed Rules for the Implementation of the Enterprise Income Tax Law of the People's Republic of China" (《中華人民共和國企業所得稅法實施條例》) both implemented in 2008, and the Notice on the Issues Concerning Withholding the Enterprises Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (collectively, the "**Enterprise Income Tax Law**"), beginning from 1 January 2008, any Chinese domestic enterprise which pays dividend to a non-resident enterprise shareholder (i.e. legal person shareholder) in respect of accounting periods beginning from 1 January 2008 shall withhold and pay enterprise income tax for such shareholder. The withholding and payment obligation lies with the payer. Therefore, the Company is required to withhold 10% enterprise income tax when it distributes the 2020 Final Dividend to non-resident enterprise shareholders of H Shares as listed on the Company's register of H Shareholders on the Record Date. In respect of all shareholders whose names appear in the Company's register of H Shareholders as at the Record Date who are not individuals (including HKSCC Nominees Limited, corporate nominees or trustees, and other entities or organisations, which are all considered as non-resident enterprise shareholders), the Company will distribute the 2020 Final Dividend after deducting income tax of 10%. A non-PRC resident enterprise shareholder which is entitled to a preferential tax rate under a tax treaty or an arrangement may, directly or through its entrusted agent or withholding agent, apply to the competent tax authorities for a refund of the excess amount of tax withheld.

If any resident enterprise (as defined in the Enterprise Income Tax Law) listed on the Company's register of H Shareholders which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not desire to have the Company withhold the said 10% enterprise income tax, it shall lodge with the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, copies of their registration document for PRC enterprises (中華人民共和國企業登記證明文件) or equivalent documents issued by the relevant PRC governmental authorities certified by a Hong Kong solicitor or accountant to evidence their place of incorporation or relevant legal documents to evidence that they are PRC incorporated enterprises which are resident enterprises (such term shall have the meaning as defined under the relevant tax rules and regulations of the PRC) at or before 4:30 p.m. on Friday, 4 June 2021.

## INDIVIDUAL INCOME TAX

Pursuant to the “PRC Individual Income Tax Law” (《中華人民共和國個人所得稅法》), the “Implementation Regulations of the PRC Individual Income Tax Law” (《中華人民共和國個人所得稅法實施條例》), the “Tentative Measures on Withholding and Payment of Individual Income Tax” (《個人所得稅代扣代繳暫行辦法》), and the *Notice of the State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348)* and the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (國家稅務總局《關於發佈〈非居民納稅人享受稅收協定待遇管理辦法〉的公告》) (the “**Tax Treaties Notice**”), other relevant laws and regulations and the relevant rules promulgated by the State Administration of Taxation, the individual income tax of the individual shareholders who hold the Company's H Shares and whose names appear on the Company's register of H Shareholders on the Record Date (the “**Individual H Shareholders**”), upon their receipt of distribution of dividend from the Company, shall be withheld and paid by the Company, as the withholding agent, on behalf of the Individual H Shareholders. However, the Individual H Shareholders may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries in which the Individual H Shareholders are domiciled and the tax arrangements between Mainland China and Hong Kong (Macau). The Company will determine the country of domicile of the Individual H Shareholders based on the registered address as recorded in the Company's register of H Shareholders on the Record Date (i.e. 10 June 2021). Detailed arrangements are as follows:

- for Individual H Shareholders who are Hong Kong and Macau residents and those whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders. Based on the 2020 Final Dividend of RMB0.03 per share (tax inclusive) and the applicable exchange rate as announced in this announcement, the amount of individual income tax to be withheld and paid by the Company on behalf of the Individual H Shareholders will be RMB0.003 (approximately HK\$0.00356) per share;
- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders. Based on the 2020 Final Dividend of RMB0.03 per share (tax inclusive) and the applicable exchange rate as announced in this announcement, the amount of individual income tax to be withheld and paid by the Company on behalf of the Individual H Shareholders will be RMB0.003 (approximately HK\$0.00356) per share. The Company may apply, on behalf of the Individual H Shareholders, for the underlying preferential tax benefits pursuant to the Tax Treaties Notice, and upon examination and approval by competent tax authorities, the excess amount of tax withheld and paid will be refunded;
- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty; and
- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or a country which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the Individual H Shareholders. Based on the 2020 Final Dividend of RMB0.03 per share (tax inclusive) and the applicable exchange rate as announced in this announcement, the amount of individual income tax to be withheld and paid by the Company on behalf of the Individual H Shareholders will be RMB0.006 (approximately HK\$0.00713) per share.

**Investors should read this announcement carefully. The Company will withhold the income tax payable by its H Shareholders strictly in accordance with the relevant laws and requirements of the relevant government departments and adhere strictly to the information set out in the Company's register of H Shareholders on the Record Date. The Company assumes no liability whatsoever in respect of any disputes or losses arising from any delay in, or inaccurate determination of, the status of the shareholders.**

**Shareholders are recommended to consult their tax advisers regarding the tax implication in the PRC, Hong Kong and other tax implications arising from their holding and disposal of H Shares of the Company.**

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

Shandong, the PRC  
31 May 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, Ms. Zhao Yinglin and Mr. Chung Wai Man as independent non-executive directors.*