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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)**

## **CHANGE IN USE OF PROCEEDS**

Reference is made to the prospectus (the “**Prospectus**”) of Shandong Fengxiang Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 June 2020 in relation to the offer of shares of the Company (the “**Global Offering**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

The total net proceeds from the Global Offering was HK\$1,081.5 million (i.e. equivalent to approximately RMB975.3 million) (the “**Net Proceeds**”) after deducting professional fees, underwriting commissions and other related listing expenses. As at the date of this announcement, the Net Proceeds of approximately RMB853.3 million have been utilised in accordance with the intended purposes as set out in the Prospectus, and the Company has unutilised net proceeds (“**Unutilised Net Proceeds**”) of approximately RMB122.0 million, which was expected to be invested in the expansion of the Group’s breeding and production capacities of white-feathered broilers as disclosed in the Prospectus.

Nevertheless, as mentioned in the annual report of the Company for the year ended 31 December 2021 published on 28 April 2022, the COVID-19 pandemic has continuously caused significant disruption to the PRC and worldwide economic activities. Having monitored and assessed the current market condition and business operations, it will be less urgent for the Group to utilise the Net Proceeds to expand its breeding and production capacities of white-feathered broilers during the current economic downturn. The board of directors of the Company (the “**Board**”) had resolved to change the use of the Unutilised Net Proceeds to repay existing borrowings that will fall due shortly, replenish cash flow of the Group, and drive the sales of the existing businesses with sufficient working capital, which is more beneficial to meet the Group’s operation needs and allows the Group to deploy its financial resources in a more effective way.

The Board confirms that there are no material changes in the nature of the business of the Group as set out in the Prospectus as at the date of this announcement. The Board considers the above change in the use of the Net Proceeds is fair and reasonable as the allocation is based on the current and best estimation of future development of market conditions and business needs.

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

Shandong, the PRC, 7 June 2022

*As at the date of this announcement, the board of directors comprises Mr. Liu Zhiguang and Mr. Xiao Dongsheng, Ms. Zhou Jinying and Mr. Shi Lei as executive directors; Mr. Liu Xuejing and Mr. Zhang Chuanli as non-executive directors; and Mr. Guo Tianyong, Ms. Zhao Yinglin and Mr. Chung Wai Man as independent non-executive directors.*