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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)

SUBSCRIPTION OF NEW H SHARES UNDER SPECIFIC MANDATE

Sole Overall Coordinator, Sole Syndicate Capital Market Intermediary and Sole Placing Agent



References are made to the Company's announcements dated 3 May 2023 and 18 May 2023, first supplemental circular dated 5 May 2023 (the "**Circular**") and poll results announcement dated 19 May 2023 in relation to, among other things, its proposed issue of not more than 300,000,000 new H Shares under the Specific Mandate. Unless otherwise defined, capitalised terms herein shall have the same meanings as those defined in the Circular.

The Board announces that on 26 August 2023, the Company entered into the Subscription Agreements with Subscriber A and Subscriber B, respectively, pursuant to which the Company has conditionally agreed to allot and issue and (i) Subscriber A has conditionally agreed to subscribe for up to 156,679,000 Subscription Shares, and (ii) Subscriber B has conditionally agreed to subscribe for 25,939,000 Subscription Shares, both at the Subscription Price of HK\$1.5132 per H Share.

Assuming the maximum number of 156,679,000 Subscription Shares are subscribed for by Subscriber A, the total number of the Subscription Shares under the Subscription will be 182,618,000. The maximum gross proceeds from the Subscription are expected to be HK\$276,337,557.60 in aggregate, and the maximum net proceeds (after deducting relevant costs and expenses, commission and levies) from the Subscription are expected to be approximately HK\$272 million in aggregate.

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

The Subscription was conducted under the Specific Mandate granted by the Shareholders at the AGM, the 2023 Second H Share Class Meeting and the 2023 First Domestic Share Class Meeting held on 19 May 2023. The Company intends to apply the net proceeds from the Subscription in the manner set out in the paragraph headed “Use of Proceeds” of this announcement.

Completion of the Subscription is subject to the fulfillment or waiver of the conditions precedent under the respective Subscription Agreements. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

References are made to the Company’s announcements dated 3 May 2023 and 18 May 2023, first supplemental circular dated 5 May 2023 (the “**Circular**”) and poll results announcement dated 19 May 2023 in relation to, among other things, its proposed issue of not more than 300,000,000 new H Shares under the Specific Mandate. Unless otherwise defined, capitalised terms herein shall have the same meanings as those defined in the Circular.

INTRODUCTION

The Board announces that on 26 August 2023, the Company entered into the Subscription Agreements with Subscriber A and Subscriber B, respectively, pursuant to which the Company has conditionally agreed to allot and issue and (i) Subscriber A has conditionally agreed to subscribe for up to 156,679,000 Subscription Shares; and (ii) Subscriber B has conditionally agreed to subscribe for 25,939,000 Subscription Shares, both at the Subscription Price of HK\$1.5132 per H Share.

PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENTS

The details of the Subscription Agreements are set out as below:

1. Peony Subscription Agreement

Date: 26 August 2023

Parties: (1) the Company as issuer; and
(2) Platinum Peony B 2023 RSC Limited as subscriber

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Subscriber A and its ultimate beneficial owner(s) are not connected persons of the Company as at the date of this announcement.

The Subscription Shares

The Company agrees to allot and issue to Subscriber A, and Subscriber A agrees to subscribe for, up to 156,679,000 Subscription Shares. Assuming the maximum number of 156,679,000 Subscription Shares are subscribed for by Subscriber A, such Subscription Shares represent (i) approximately 11.19% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.90% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there is no other change to the share capital of the Company between the date of the Subscription Agreements and the date of Completion, save for the issue of the Subscription Shares). The aggregate nominal value of 156,679,000 Subscription Shares will be RMB156,679,000 on the basis of full subscription of all the 156,679,000 Subscription Shares.

Conditions Precedent

Completion of the Peony Subscription is conditional upon:

- (a) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares for the Peony Subscription, and such approval, permission or waiver having not been revoked prior to Completion of the Peony Subscription (the "**Listing Approval**"), and the delivery of a certified copy of the Listing Approval to Subscriber A;
- (b) the delivery of a copy of the board resolutions of the Company approving the Peony Subscription contemplated thereunder to Subscriber A;
- (c) the representations and warranties of each of the Company and Subscriber A remaining true and accurate in all material respects; and
- (d) Subscriber A having received on the Peony Completion Date, a copy of an opinion issued by the Company's legal adviser as to the laws of the PRC addressed to the Company, relating to certain matters set forth in the Peony Subscription Agreement.

Condition precedent (a) cannot be waived by any party. Conditions precedent (b) to (d) may be waived by Subscriber A, in whole or in part and with or without conditions, by written notice to the Company. If any of the conditions precedent has not been fulfilled (or waived by Subscriber A) on or before 30 September 2023 (or such later date as may be agreed by the parties in writing), then neither

the Company nor Subscriber A shall be bound to proceed with Completion of the Peony Subscription and the Peony Subscription Agreement shall lapse immediately thereafter and be of no further effect and no party shall have any claim against or liability or obligation to any other party save for any antecedent breach prior to the date of such termination. As at the date of this announcement, the conditions precedent have not been fulfilled or waived.

Lock-up

Subscriber A agrees with the Company that without the prior written consent of the Company (whose consent shall not be unreasonably withheld or delayed), Subscriber A will not, whether directly or indirectly, at any time during the period of six months from the Peony Completion Date (the “**Lock-up Period**”), (i) dispose of any Subscription Shares from the Peony Subscription or any interest in any company or entity holding any Subscription Shares from the Peony Subscription; or (ii) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transaction (the “**Lock-up Obligations**”).

Notwithstanding anything to the contrary in the above obligations of the Peony Subscription Agreement, Subscriber A shall be entitled to sell, transfer and/or assign any or all of the Subscription Shares from the Peony Subscription and/or any part of its rights, benefits and interest in and to such Subscription Shares during the Lock-up Period to any of Subscriber A’s affiliates and permitted transferees in accordance with the terms and conditions of the Peony Subscription Agreement.

In the event that after the public float of the Company is restored to 25% (or a higher percentage), and the controlling shareholder of the Company disposes (or enters into any transaction to dispose) any of the H Shares held by it (a “**Disposal Event**”), the Lock-up Obligations of Subscriber A and its permitted transferees will be released on the day immediately after the date of the Disposal Event. For purposes of this lock-up clause, a Disposal Event shall not include any disposal (or the entering into of any series of transactions to dispose) in respect of which the aggregate number of H Shares subject to such disposal does not cause the controlling shareholder of the Company to exceed an aggregate disposal of 5% of the total number of H Shares held by the controlling shareholder of the Company as at the Peony Completion Date (the “**5% Limit**”), at a price no less than the Subscription Price per H Share to strategic investor(s) of the Company. For the avoidance of doubt, the 5% Limit takes into account any H Shares previously disposed by the controlling shareholder of the Company to any third party since the date the public float of the Company has been restored.

2. Chelt Subscription Agreement

Date: 26 August 2023

Parties: (1) the Company as issuer; and

(2) Chelt Trading Limited as subscriber

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Subscriber B and its ultimate beneficial owner(s) are not connected persons of the Company as at the date of this announcement.

The Subscription Shares

The Company agrees to allot and issue to Subscriber B, and Subscriber B agrees to subscribe for, 25,939,000 Subscription Shares at the Subscription Price. Such Subscription Shares represent (i) approximately 1.85% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 1.64% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming the maximum number of 156,679,000 Subscription Shares are subscribed for by Subscriber A and there is no other change to the share capital of the Company between the date of the Subscription Agreements and the Completion Date, save for the issue of the Subscription Shares). The aggregate nominal value of 25,939,000 Subscription Shares will be RMB25,939,000.

Condition Precedent

Completion of the Chelt Subscription is conditional upon the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares for the Chelt Subscription, and such approval, permission or waiver having not been revoked prior to Completion of the Chelt Subscription.

The condition precedent cannot be waived by any party. If the condition precedent has not been fulfilled on or before 31 December 2023 (or such later date as may be agreed by the parties in writing), then neither the Company nor Subscriber B shall be bound to proceed with Completion of the Chelt Subscription and the Chelt Subscription Agreement shall lapse immediately thereafter and be of no further effect and no party shall have any claim against or liability or obligation to any other party save for any antecedent breach prior to the date of such termination. As at the date of this announcement, the condition precedent has not been fulfilled.

Lock-up

Subscriber B agrees, covenants with and undertakes to the Company that without the prior written consent of the Company, Subscriber B will not, whether directly or indirectly, at any time during the period of six months from the Chelt Completion Date, directly or indirectly, (i) dispose of, in any way, any Subscription Shares from the Chelt Subscription or any interest in any company or entity holding any Subscription Shares from the Chelt Subscription; (ii) allow itself to undergo a change of control (as defined in the Takeovers Code) at the level of its ultimate beneficial owner; or (iii) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transaction.

THE SUBSCRIPTION PRICE

The Subscription Price is HK\$1.5132 per H Share, which represents:

- (i) a discount of approximately 0.45% to the closing price of HK\$1.52 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 0.61% to the average closing price of HK\$1.504 per H Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 0.75% to the average closing price of HK\$1.502 per H Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 32.41% to the consolidated net asset value per Share of approximately RMB1.87 (equivalent to approximately HK\$2.24) based on a total of 1,400,000,000 Shares in issue as at 31 December 2022 and the audited consolidated net asset attributable to Shareholders of approximately RMB2,612.0 million as at 31 December 2022; and
- (v) a discount of approximately 34.78% to the consolidated net asset value per Share of approximately RMB1.93 (equivalent to approximately HK\$2.32) based on a total of 1,400,000,000 Shares in issue as at 30 June 2023 and the unaudited consolidated net asset attributable to Shareholders of approximately RMB2,697.9 million as at 30 June 2023.

The Subscription Price was negotiated on an arm's length basis between the Company and each of the Subscribers after taking into account (i) the interests of the existing Shareholders given the mandatory general offer for all the issued Domestic Shares and H Shares was only completed recently, and it is sensible to maintain a reasonable

figure not lower than the offer price; and (ii) with reference to the capital market conditions including investors' willingness and capabilities for making investments, and the prevailing valuations of comparable companies listed on other stock exchange.

The Company considers the Subscription Price of HK\$1.5132 per H Share to be fair and reasonable based on the above price determination factors; in particular, the Subscription Price implies a price-to-book value ratio of 0.65x, based on the consolidated net asset value per Share attributable to Shareholders as at 30 June 2023, which is lower than the average price-to-book value ratio of 1.92x as at 30 June 2023 of the two comparable companies, namely, Fujian Sunner Development Co., Ltd. (stock code: 002299.SZ) and Shandong Xiantan Co., Ltd. (stock code: 002746.SZ), both of which are primarily engaged in the breeding and processing of poultry in China and listed companies on the Shenzhen Stock Exchange.

The consideration payable to the Company on Completion by Subscriber A for the issue and allotment of up to 156,679,000 Subscription Shares shall be not more than HK\$237,086,662.80, being the Subscription Price multiplied by the actual number of the Subscription Shares subscribed for by Subscriber A.

The consideration payable to the Company on Completion by Subscriber B for the issue and allotment of 25,939,000 Subscription Shares shall be HK\$39,250,894.80, being the Subscription Price multiplied by the actual number of the Subscription Shares subscribed for by Subscriber B.

RANKING

The Subscription Shares shall be allotted and issued fully paid or credited as fully paid and rank *pari passu* in all respects with the other Shares then in issue free from all liens, charges and encumbrances, and together with all rights attaching to them as at the date of issue of the Subscription Shares, including the right to receive all dividends declared, made or paid on or after the date of issue of the Subscription Shares.

COMPLETION

Completion of the Peony Subscription and the Chelt Subscription shall take place on the Peony Completion Date and the Chelt Completion Date, respectively. It is expected that none of the Subscribers will become substantial shareholders (as defined in the Listing Rules) of the Company immediately upon Completion.

INFORMATION OF THE COMPANY AND THE SUBSCRIBERS

The Company

The Company is a joint stock company incorporated in the PRC with limited liability. The Company is a white-feathered broiler meat exporter and retail enterprise of chicken meat food. The Company, together with its subsidiaries produce and sell processed chicken meat products and raw chicken meat products mainly from white-feathered broilers.

Subscriber A

Platinum Peony B 2023 RSC Limited is a restricted scope company incorporated under the laws and regulations of the Abu Dhabi Global Market (in the Emirate of Abu Dhabi, United Arab Emirates), and is indirectly wholly owned by the Abu Dhabi Investment Authority.

Subscriber B

Chelt Trading Limited is an international business company incorporated under the laws of the British Virgin Islands, and principally engaged in holding investments in private equity funds in the real estate, restaurant and food products, technology, energy, biotechnology, pharmaceuticals and medical supplies sectors. The shares of Subscriber B are ultimately held by an individual named Jaime Javier Montealegre Lacayo.

USE OF PROCEEDS

Assuming the maximum number of 156,679,000 Subscription Shares are subscribed for by Subscriber A, the total number of the Subscription Shares under the Subscription will be 182,618,000 and the maximum gross proceeds from the Subscription are expected to be HK\$276,337,557.60 in aggregate. The maximum net proceeds (after deducting relevant costs and expenses, commission and levies) from the Subscription are expected to be approximately HK\$272 million in aggregate, representing a net price of HK\$1.4894 per Subscription Share. 70% of the net proceeds from the Subscription after deduction of expenses should be used to improve the Company's liquidity position by way of repaying short-term borrowings of the Group, which amounted to approximately RMB1.1 billion as at 31 December 2022. 30% of the net proceeds from the Subscription after deduction of expenses are intended to replenish the working capital of the Company, which will mainly cover the operation costs and expenses of the Company, such as costs of animal feeds, costs of accessory food for the development of processed chicken meat products, and environmental-related costs.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

Immediately following the close of the Offers, taking into account the valid acceptances, the Offeror and the parties acting in concert with it are interested in a total of 1,210,640,005 Shares (comprising 992,854,500 Domestic Shares and 217,785,505 H Shares), representing approximately 86.47% of the issued Shares as at the date of the close of Offers (i.e. 1 February 2023). Accordingly, the minimum public float requirement of 25% of the Shares as set out in Rule 8.08(1)(a) of the Listing Rules is not satisfied as at the date of the close of Offers and trading in the H Shares has been suspended with effect from 9:00 a.m. on 2 February 2023 at the request of the Company since the percentage of public float fell below 15% following the close of the Offers. Although the Company has applied to the Stock Exchange for, and the Stock Exchange has 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, the Board proposed the H Shares Issue under Specific Mandate, which has been approved by the Shareholders at the AGM, the 2023 Second H Share Class Meeting and the 2023 First Domestic Share Class Meeting held on 19 May 2023, in order to restore its public float and resume the trading in H Shares as soon as practicable.

Both (a) the directors of Falcon Holding GP Limited (being the general partner of the Offeror), for and on behalf of the Offeror, and (b) the Directors, have undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares, which included issue of the new H Shares by the Company, to ensure the minimum percentage of the Shares as required under Rule 8.08(1)(a) of the Listing Rules to the public. As such, the Board resolved that, according to the provisions of the articles of association of the Company, the Company proposed 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, representing 21.43% of the total number of Shares in issue of the Company as at the date of this announcement. The Specific Mandate has been approved by the Shareholders at the AGM, the 2023 Second H Share Class Meeting and the 2023 First Domestic Share Class Meeting held on 19 May 2023.

The net proceeds from the Subscription after deduction of expenses is expected to be used to improve the Company's liquidity position by way of repaying short-term borrowings of the Group, which amounted to approximately RMB1.1 billion as at 31 December 2022, and to replenish the working capital of the Company. Therefore, the Directors consider that the Subscription is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

ISSUE OF H SHARES UNDER SPECIFIC MANDATE

The H Shares Issue will be made under the Specific Mandate as granted by Shareholders at the AGM, the 2023 Second H Share Class Meeting and the 2023 First Domestic Share Class Meeting held on 19 May 2023 by way of non-public issue through subscription or placing in one or more tranches within a period of 12 months since the date of the resolution in relation to the Specific Mandate being approved. The number of new H Shares to be issued under the Specific Mandate by the Company is 300,000,000 (the “**Mandate Limit**”) and the issue of new H Shares to the Subscribers by the Company in accordance with the Subscription Agreements will be carried out under the Specific Mandate and utilise part of the Mandate Limit upon Completion.

APPLICATION FOR LISTING

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

FILING WITH REGULATORY AUTHORITIES IN THE PRC

After the Subscription Shares are issued and listed on the Stock Exchange, the Company will file with the regulatory authorities in the PRC in accordance with the relevant applicable laws and regulations, including the filing with the CSRC.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming the maximum number of 156,679,000 Subscription Shares are subscribed for by Subscriber A and there is no other change in the share capital of the Company immediately prior to Completion, set out below is the shareholding structure of the Company: (i) as at the date of this announcement, and (ii) immediately upon Completion:

Class of Shares	As at the date of this announcement		Immediately upon Completion	
	Number of Shares	%	Number of Shares	%
Domestic Shares				
— Falcon Holding LP	992,854,500	70.92	992,854,500	62.73
— Other holders of Domestic Shares	<u>52,145,500</u>	<u>3.72</u>	<u>52,145,500</u>	<u>3.29</u>
Total Domestic Shares	<u>1,045,000,000</u>	<u>74.64</u>	<u>1,045,000,000</u>	<u>66.03</u>
H Shares				
— Subscriber A	—	—	156,679,000	9.90
— Subscriber B	—	—	25,939,000	1.64
— Falcon Holding LP	217,785,505	15.56	217,785,505	13.76
— Xiao Dongsheng (<i>Note 1</i>)	1,272,000	0.09	1,272,000	0.08
— Shi Lei (<i>Note 1</i>)	262,000	0.02	262,000	0.02
— Wang Zhixian (<i>Note 2</i>)	196,700	0.01	196,700	0.01
— 2020 SAS Trustee	210,000	0.02	210,000	0.01
— 2021 SAS Trustee (<i>Note 3</i>)	16,845,334	1.20	16,845,334	1.06
— Other public holders of H Shares	<u>118,428,461</u>	<u>8.46</u>	<u>118,428,461</u>	<u>7.48</u>
Total H Shares	<u>355,000,000</u>	<u>25.36</u>	<u>537,618,000</u>	<u>33.97</u>
Total issued Shares	<u>1,400,000,000</u>	<u>100.00</u>	<u>1,582,618,000</u>	<u>100.00</u>

Notes:

- (1) A Director as at the date of this announcement.
- (2) The general manager of Fengxiang Industrial Co., Ltd., a subsidiary of the Company, at the date of this announcement.
- (3) Among such H Shares held by the 2021 SAS Trustee for the purposes of the 2021 Share Award Scheme, as at the date of this announcement, Mr. Xiao Dongsheng and Mr. Shi Lei (each a Director as at the date of this announcement) have been granted 1,944,000 and 324,000 awarded shares respectively (representing approximately 0.14% and 0.02% of all the issued Shares), all of which have not yet been vested.
- (4) The aggregate percentage may not sum to total due to rounding.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activity in the 12 months preceding the date of this announcement.

CONTINUED SUSPENSION OF TRADING

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

As at the date of this announcement, the Company has been proactively formulating and finalising workplans for restoration of public float and seeking for potential investors in relation to the proposed issue of new H Shares.

Completion of the Subscription is subject to the fulfillment or waiver of the conditions precedent under the respective Subscription Agreements. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context otherwise requires, the following expression in this announcement shall have the following meanings:

“2020 SAS Trustee”	Bank of Communications Trustee Limited, the trustee of the 2020 Share Award Scheme for the time being
“2021 SAS Trustee”	Futu Trustee Limited, the trustee of the 2021 Share Award Scheme for the time being
“2020 Share Award Scheme”	the share award scheme of the Company adopted on 4 June 2020 and effective on the listing date of the Company
“2021 Share Award Scheme”	the share award scheme of the Company adopted on 10 December 2021 and effective on the same date
“2023 First Domestic Share Class Meeting”	the 2023 first class meeting of the holders of Domestic Shares held on 19 May 2023
“2023 Second H Share Class Meeting”	the 2023 second class meeting of the holders of H Shares held on 19 May 2023

“AGM”	the annual general meeting of the Company held on 19 May 2023
“Board”	the board of Directors
“Chelt Completion Date”	any business day which is not later than five business days after the date on which the condition precedent for Completion of the Chelt Subscription has been fulfilled as may be notified by the Company to Subscriber B in writing
“Chelt Subscription”	the Subscription by Chelt Trading Limited for the 25,939,000 Subscription Shares pursuant to and in accordance with terms and conditions of the Chelt Subscription Agreement
“Chelt Subscription Agreement”	the subscription agreement entered into between the Company and Subscriber B dated 26 August 2023
“Company”	Shandong Fengxiang Co., Ltd. (山東鳳祥股份有限公司), a joint stock company established in the PRC with limited liability on 17 December 2010, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 9977)
“Completion”	the completion of the allotment and issue of the Subscription Shares by the Company to the Subscribers in accordance with the terms and conditions of the Subscription Agreements
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary share in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB

“Domestic Share Offer”	the offer to be made by the Offeror in accordance with the Takeovers Code for the Domestic Shares (other than those already owned or agreed to be acquired by the Offeror)
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK\$ and listed on the Stock Exchange
“H Shares Issue”	the proposed issue of not more than 300,000,000 new H Shares
“H Share Offer”	the unconditional mandatory cash offer made by CMB International Capital Limited, for and on behalf of the Offeror, for all the H Shares (other than those already owned or agreed to be acquired by the Offeror) in accordance with the Takeovers Code
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	the lawful currency of Hong Kong
“Last Trading Day”	1 February 2023, being the last trading day prior to the suspension of trading of the H Shares on the Stock Exchange
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Offer(s)”	the H Share Offer and/or Domestic Share Offer
“Offeror”	Falcon Holding LP, a limited partnership formed in the Cayman Islands and having its registered office at PO Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman, KY1-1106, Cayman Islands, the controlling shareholder of the Company

“Peony Completion Date”	any business day which is not later than five business days after the date on which all the conditions precedent for Completion of the Peony Subscription (other than conditions precedent (d) set forth in the Peony Subscription Agreement) has been fulfilled or waived (as the case may be), or such other date as may be agreed by the Company and Subscriber A in writing
“Peony Subscription”	the Subscription by Platinum Peony B 2023 RSC Limited for up to 156,679,000 Subscription Shares pursuant to and in accordance with terms and conditions of the Peony Subscription Agreement
“Peony Subscription Agreement”	the subscription agreement entered into between the Company and Subscriber A dated 26 August 2023
“PRC”	the People’s Republic of China but excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	the lawful currency of the PRC
“Share(s)”	Domestic Share(s) and/or H Share(s)
“Shareholder(s)”	the registered holder(s) of the Shares
“Specific Mandate”	the specific mandate granted by the Shareholders to the Board at the AGM, the 2023 Second H Share Class Meeting and the 2023 First Domestic Share Class Meeting held on 19 May 2023 in respect of the H Shares Issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber(s)”	Subscriber A and Subscriber B
“Subscriber A”	Platinum Peony B 2023 RSC Limited, a restricted scope company incorporated under the laws and regulations of the Abu Dhabi Global Market (in the Emirate of Abu Dhabi, United Arab Emirates)
“Subscriber B”	Chelt Trading Limited, an international business company incorporated under the laws of the British Virgin Islands

“Subscription Shares”	an aggregate of up to 182,618,000 new H Shares to be allotted and issued by the Company to the Subscribers under the Subscription Agreements
“Subscription”	the subscriptions by Subscriber A for up to 156,679,000 Subscription Shares pursuant to and in accordance with terms and conditions of the Peony Subscription Agreement, and Subscriber B for 25,939,000 Subscription Shares pursuant to and in accordance with terms and conditions of the Chelt Subscription Agreement
“Subscription Agreements”	collectively, the Peony Subscription Agreement and the Chelt Subscription Agreement, and where the context requires, either one of them
“Subscription Price”	HK\$1.5132 per H Share
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs
“%”	per cent

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

Shandong, the PRC, 27 August 2023

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.