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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)

**INSIDE INFORMATION
JUDICIAL AUCTION OF SHARES HELD BY CONTROLLING SHAREHOLDERS,
RULE 3.7 OF THE TAKEOVERS CODE
AND
RESUMPTION OF TRADING**

This announcement is made by Shandong Fengxiang Co., Ltd. (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 3.7 of the Code on Takeovers and Mergers and Share Buy-backs (the “**Takeovers Code**”) issued by the Securities and Futures Commission of Hong Kong.

BACKGROUND OF THE AUCTION

The Company noted that the subsidiaries of the Company’s controlling shareholder, GMK Holdings Group Co., Ltd. (新鳳祥控股集團有限責任公司)(“**GMK Holdings**”) (including Yanggu Xiangguang Copper Co., Ltd. (陽穀祥光銅業有限公司)(“**Xiangguang Copper**”)) had overdue debts and an application for judicial restructuring was filed against Xiangguang Copper with the Liaocheng Intermediate People’s Court, Shandong Province in the People’s Republic of China (the “**PRC**”) by a creditor on 5 May 2022 on the ground that Xiangguang Copper was unable to repay the debts falling due. For more details, please refer to the announcements of the Company dated 28 March 2022, 5 May 2022 and 19 July 2022 (the “**Announcements**”). Unless the context otherwise requires, the terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Company noticed that an auction announcement (the “**Auction Announcement**”) has been published on 16 September 2022 by the administrator of Xiangguang Copper on the network platform of Alibaba Judicial Auction (<https://sf.taobao.com/>) (the “**Auction Platform**”) in relation to the equity interests in the Company held by GMK Holdings, Shandong Fengxiang Investment Co., Ltd. (山東鳳祥投資有限公司) and Shandong Fengxiang (Group) Co., Ltd. (山東鳳祥(集團)有限責任公司) (the “**Controlling Shareholders**”)(the “**Shares**”) to be put up for auction on the Auction Platform (the “**Auction**”).

DETAILS OF THE AUCTION

The salient details of the Auction Announcement include the following:

- Subject** : 992,854,500 Shares in the Company held by the Controlling Shareholders (all being domestic shares), representing approximately 70.92% of the total share capital of the Company
- Base bid price** : RMB 1,372,279,100 (representing approximately RMB1.383 per Share)
- Time** : 9:00 a.m. on 10 October 2022 to 9:00 a.m. on 11 October 2022 (excluding any extension)
- Qualification of bidder** : A bidder shall be a corporate legal person with good credit record and financial strength, who is capable of paying the transfer price and shall have investment and management experience in the breeding industry.

For further details of the Auction, please refer to the link to the Auction Platform for the full content of the Auction Announcement (<https://susong-item.taobao.com/auction/683969821701.htm?spm=a213w.7398554.paiList.1.51e41fa3epY51Y>).

RELEVANT SECURITIES OF THE COMPANY, IMPACT ON THE COMPANY AND RISK WARNING

As at the date of this announcement, the Company has in issue a total of 1,400,000,000 shares (being 355,000,000 H shares and 1,045,000,000 domestic shares). Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date hereof. The Controlling Shareholders hold a total of 992,854,500 shares of the Company (all being domestic shares), representing approximately 70.92% of the total share capital of the Company.

Should the Auction result in any person or a group of persons acting in concert holding in aggregate 30% or more of the voting rights of the Company, such person or a group of persons acting in concert would be required to make a mandatory general offer to acquire all the issued shares of the Company (including all domestic shares and H shares other than those acquired by such person or a group of persons acting in concert) pursuant to Rule 26.1 of the Takeovers Code, at the offer price which would not be less than the final auction price per Share at the Auction.

For illustrative purposes only, based on the base bid price of RMB1,372,279,100 and the assumption that the Auction in October 2022 would be proceeded successfully, it is anticipated that the offer price of the mandatory general offer would be no less than RMB1.383 per Share (equivalent to approximately HK\$1.563 (*Note*) per Share). The above price is for illustrative purposes only and the final offer price is subject to a number of factors including but not limited to whether the mandatory offer would be triggered, the final auction price and the prevailing exchange rate etc.

As at the date of this announcement, the Auction remains at the publication stage and there is uncertainty as to whether a party would be successful in acquiring 30% or more of the voting rights of the Company, and it may or may not lead to a mandatory general offer under Rule 26.1 of the Takeovers Code.

Note: The figures are rounded up to the nearest three decimal places and the exchange rate adopted for conversion was the middle exchange rate for RMB to HK\$ published by the People's Bank of China on 20 September 2022.

MONTHLY UPDATE

In compliance with Rule 3.7 of the Takeovers Code, the Company shall make monthly announcement(s) setting out the progress until an announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with the possible offer is made. Further announcement(s) will be made by the Company as and when necessary in accordance with the Listing Rules and the Takeovers Code (if applicable).

DEALINGS DISCLOSURE

For the purposes of the Takeovers Code, the offer period commenced from the date of this announcement, being 20 September 2022. In accordance with Rule 3.8 of the Takeovers Code, respective associates of the Company and any potential purchaser of the Shares (as defined in the Takeovers Code, including among others, shareholders of the Company and shareholders of any potential purchaser having interests of 5% or more in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code)) of the Company and any potential purchaser are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

“Executive” referred to above has the meaning ascribed to it under the Takeovers Code.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited was halted with effect from 9:00 a.m. on Monday, 19 September 2022 pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on Wednesday, 21 September 2022.

WARNING

Shareholders and potential investors of the Company should note that the Shares may not be successfully sold if there is no bidder. The Company will publish announcement(s) to update the status of the Auction as and when appropriate. Shareholders of the Company and potential investors are advised to exercise caution when dealing in securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

By order of the board of directors
Shandong Fengxiang Co., Ltd.
Liu Zhiguang
Chairman

Shandong, the PRC, 20 September 2022

As at the date of this announcement, the board of directors comprises Mr. Liu Zhiguang, 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.

The directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.