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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

This announcement is made by Shandong Fengxiang Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and 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).

References are made to the announcements of the Company dated 28 March 2022, 5 May 2022 and 19 July 2022, in relation to, among other things, the involvement of GMK Finance Co., Ltd. (“**GMK Finance**”, a subsidiary of the Company’s controlling shareholder, GMK Holdings Group Co., Ltd. (“**GMK Holdings**”)) in overdue repayment disputes with civil complaints being filed against it by the plaintiffs and the guarantors for the debts concerned in those cases, including Mr. Liu Xuejing (controlling shareholder and non-executive director of the Company), GMK Holdings and/or certain of its subsidiaries were also named as defendants.

Impact on the Group

GMK Finance has been providing deposits, loan facilities (including term loans and entrusted loans) and bill financing services to the Group. The deposits with GMK Finance are already unavailable for withdrawal and utilisation by the Group for daily operation. In addition, there was a recent overdue payment for deposit interests from GMK Finance to the Group. As at the date of this announcement, the Group’s deposits (including related accrued interests) with GMK Finance amounted to approximately RMB815.5 million.

The Company already established a specialised team to track the status of GMK Finance. The management of the Company is also considering other safeguard measures for the deposits regarding the relevant situation, to protect the interests of the Group and the shareholders of the Company as a whole. At present, the Company is also seeking legal advice on the worst scenario of the final debt settlement proposal. Currently, the Group still has sufficient working capital and its businesses are under continuous operation and therefore, the above incident will not affect the normal operation of the Group at the moment. The management of the Company is also currently assessing the impact of the above incident, especially the financial impact on the Group's consolidated financial statements. The board of directors of the Company will continue to monitor the situation, and make further announcement on any material updates as and when appropriate.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the board of directors
Shandong Fengxiang Co., Ltd.
Shi Lei

Executive director and company secretary

Shandong, the PRC, 17 November 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.