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凤祥食品

FALCON HOLDING LP

(limited partnership formed in the Cayman Islands)

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)

JOINT ANNOUNCEMENT

(I) CLOSE OF THE OFFERS; (II) PUBLIC FLOAT; AND (III) SUSPENSION OF TRADING IN THE H SHARES

**(1) UNCONDITIONAL MANDATORY CASH OFFER BY
CMB INTERNATIONAL CAPITAL LIMITED FOR AND ON BEHALF OF
THE OFFEROR FOR ALL THE ISSUED H SHARES IN SHANDONG
FENGXIANG (OTHER THAN THOSE ALREADY OWNED BY OR
AGREED TO BE ACQUIRED BY THE OFFEROR);**

AND

**(2) UNCONDITIONAL MANDATORY CASH OFFER BY THE OFFEROR
FOR ALL THE ISSUED DOMESTIC SHARES IN SHANDONG
FENGXIANG (OTHER THAN THOSE ALREADY OWNED BY OR
AGREED TO BE ACQUIRED BY THE OFFEROR)**

Financial adviser to the Offeror



Financial adviser to Shandong Fengxiang



INTRODUCTION

References are made to (i) the announcements dated 28 October 2022, 17 November 2022, 20 December 2022, 28 December 2022, 13 January 2023 and 18 January 2023 (collectively, the “**Announcements**”); and (ii) the composite offer and response document dated 28 December 2022 (the “**Composite Document**”) jointly issued by the Offeror and Shandong Fengxiang in relation to the Offers and the Delisting Resolution. Unless otherwise defined, capitalised terms herein shall have the same meanings as those defined in the Composite Document.

CLOSE OF THE OFFERS

The Offers were closed at 4:00 p.m. on Wednesday, 1 February 2023. The Offeror has not further extended the Offers.

RESULTS OF THE OFFERS

As at 4:00 p.m. on Wednesday, 1 February 2023, valid acceptances of the H Share Offer had been received in respect of 217,785,505 H Shares, which represent approximately 61.35% and 15.56% of the issued H Shares and the issued Shares, respectively, as at the date of this joint announcement.

As at 4:00 p.m. on Wednesday, 1 February 2023, the Offeror had not received any valid acceptances in respect of any Domestic Shares under the Domestic Share Offer.

Given the valid acceptances as at the date of this joint announcement, the Offeror and the parties acting in concert with it are interested in a total of 1,210,640,005 Shares (representing approximately 86.47% of the issued Shares), comprising 992,854,500 Domestic Shares (representing approximately 95.01% of the issued Domestic Shares) and 217,785,505 H Shares (representing approximately 61.35% of the issued H Shares) as at the date of this joint announcement.

Before the commencement of the Offer Period, neither the Offeror nor parties acting in concert with it owned or had control or direction over any interests in the Shares, options, derivatives, warrants, other securities convertible into Shares, or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Shandong Fengxiang.

As at the date of this joint announcement:

- (a) save for the total of 992,854,500 Domestic Shares (representing approximately 95.01% of the issued Domestic Shares and approximately 70.92% of the issued Shares) acquired by the Offeror pursuant to the SPA (as amended and restated by the Supplemental SPA) and the valid acceptance in respect of 217,785,505 H Shares under the Offers, none of the Offeror and parties acting in concert with it has acquired or agreed to acquire any Shares or the rights over Shares during the Offer Period; and
- (b) neither the Offeror nor any parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Shandong Fengxiang.

SETTLEMENT OF THE OFFERS

The Offer Price (after deducting seller's Hong Kong ad valorem stamp duty) payable for the Offer H Shares tendered under the H Share Offer has been or will be posted by cheque by ordinary post at their own risk within 7 Hong Kong business days (as defined in the Takeovers Code) following the date of receipt of the duly completed and signed Form(s) of Acceptance and all relevant documents by the H Share Registrar from the H Shareholders accepting the H Share Offer. As no valid acceptances are received by the Offeror under the Domestic Share Offer, no settlement of consideration in respect of any Domestic Shares under the Domestic Share Offer will be made by the Offeror.

Settlement of the consideration to which a Shareholder is entitled under the Offers will be implemented in full in accordance with the terms of the Offers without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Offers will be rounded up to the nearest cent.

SHAREHOLDING STRUCTURE OF SHANDONG FENGXIANG

The following table sets out the shareholding structure of Shandong Fengxiang (i) immediately after the Sale Shares Transfer and before the commencement of the Offers; and (ii) immediately following the close of the Offers (assuming that the transfer to the Offeror of the Shares which are validly tendered for acceptance has been completed) and as at the date of this joint announcement:

Shareholders	Immediately after the Sale Shares Transfer and before the commencement of the Offers		Immediately following the close of the Offers (assuming that the transfer to the Offeror of the Shares which are validly tendered for acceptance has been completed) and as at the date of this joint announcement	
	<i>Number of Shares</i>	<i>Approximate % of Shares in issue</i>	<i>Number of Shares</i>	<i>Approximate % of Shares in issue</i>
Domestic Shares				
The Offeror and parties acting in concert with it	992,854,500	70.92%	992,854,500	70.92%
Zhang Chuanli (<i>Note 2</i>)	2,703,000	0.19%	2,703,000	0.19%
Other holders of Domestic Shares	<u>49,442,500</u>	<u>3.53%</u>	<u>49,442,500</u>	<u>3.53%</u>
Total Domestic Shares	<u>1,045,000,000</u>	<u>74.64%</u>	<u>1,045,000,000</u>	<u>74.64%</u>
H Shares				
The Offeror and parties acting in concert with it	—	—	217,785,505	15.56%
Xiao Dongsheng (<i>Note 1</i>)	240,000	0.02%	240,000	0.02%
Zhou Jinying (<i>Note 2</i>)	140,000	0.01%	140,000	0.01%
Shi Lei (<i>Note 1</i>)	80,000	0.01%	80,000	0.01%
2020 SAS Trustee (<i>Note 3</i>)	495,000	0.04%	495,000	0.04%
2021 SAS Trustee (<i>Note 3</i>)	21,133,000	1.51%	21,133,000	1.51%
Other Independent H Shareholders	<u>332,912,000</u>	<u>23.78%</u>	<u>115,126,495</u>	<u>8.22%</u>
Total H Shares	<u>355,000,000</u>	<u>25.36%</u>	<u>355,000,000</u>	<u>25.36%</u>
Total Shares in issue	<u><u>1,400,000,000</u></u>	<u><u>100%</u></u>	<u><u>1,400,000,000</u></u>	<u><u>100%</u></u>

Notes:

- (1) A Director as at the date of this joint announcement.
- (2) A Director as at the date of the Composite Document and retired on 18 January 2023.
- (3) Among such H Shares held by the 2020 SAS Trustee and 2021 SAS Trustee for the purposes of the 2020 Share Award Scheme and 2021 Share Award Scheme respectively, as at the date of this joint announcement, Mr. Xiao Dongsheng and Mr. Shi Lei (each a Director as at the date of this joint announcement) have been granted 2,976,000 and 506,000 awarded shares respectively (representing approximately 0.21% and 0.04% of all the issued Shares), all of which have not yet been vested.
- (4) The aggregate percentage may not add up to 100% due to rounding.

PUBLIC FLOAT

As the Delisting Resolution was not approved and the public float of Shandong Fengxiang falls below 25% following the close of the Offers, the minimum public float requirement as set out in Rule 8.08(1)(a) of the Listing Rules is not satisfied.

The directors of Falcon Holding GP Limited (being the general partner of the Offeror), for and on behalf of the Offeror, have undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares, which may include issuance of new Shares by Shandong Fengxiang or placing down part of the interest that the Offeror or its parties acting in concert with it hold in Shandong Fengxiang following the close of the Offers, to ensure the minimum percentage of the Shares as required under Rule 8.08(1)(a) of the Listing Rules to the public. To restore the public float by placing down, the Offeror may either directly dispose of, transfer, or engage a placing agent for placing of, the Shares held by the Offeror or its concert parties. In addition, the Directors of the fifth session of the Board of Directors have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

An application will be made to the Stock Exchange for a temporary waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules. Announcement(s) will be made in this regard as and when appropriate in compliance with the Listing Rules.

SUSPENSION OF TRADING IN THE H SHARES

Pursuant to Note 1 to Rule 8.08(1)(b) of the Listing Rules, at the request of Shandong Fengxiang, trading in the H Shares will be suspended from 9:00 a.m. on 2 February 2023 since the percentage of public float fell below 15% following the close of the Offers. Further announcement(s) will be made by Shandong Fengxiang regarding restoration of the public float and resumption of trading in the H Shares as soon as possible.

By order of the board of directors of
Falcon Holding GP Limited
acting in its capacity as general partner
for and on behalf of
Falcon Holding LP

By order of the board of directors
Shandong Fengxiang Co., Ltd.
Shi Lei
Executive director and company secretary

Shandong, the PRC, 1 February 2023

As at the date of this joint announcement, the board of Directors 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.

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

As at the date of this joint announcement, the general partner of the Offeror is Falcon Holding GP Limited. As at the date of this joint announcement, the directors of Falcon Holding GP Limited are David Jaemin Kim, Sujey Subramanian and Koichi Ito.

As at the date of this joint announcement, the directors of PAG Asia Capital GP IV Limited (being the general partner of PAG Fund IV) are Jon Robert Lewis, Derek Roy Crane, David Alan Fowler and Noel Patrick Walsh.

The directors of Falcon Holding GP Limited and PAG Asia Capital GP IV Limited jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than information relating to Shandong Fengxiang) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.