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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)

VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE

This announcement is made by Shandong Fengxiang Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to provide the shareholders and potential investors of the Company with the latest business developments regarding the Group for the first quarter of 2021.

For the first quarter of 2021, the Group achieved unaudited total revenue of approximately RMB900.4 million, representing a decrease of 7.4% as compared to approximately RMB972.4 million for the first quarter of 2020, and a decrease of 10.9% as compared to approximately RMB1,011.1 million for the fourth quarter of 2020.

In terms of channels: the new retail business for the first quarter of 2021 achieved revenue of approximately RMB196.0 million, representing an increase of 5.8% as compared to approximately RMB185.1 million for the first quarter of 2020, and a decrease of 10.1% as compared to approximately RMB217.9 million for the fourth quarter of 2020; the new centralised procurement business for the first quarter of 2021 achieved revenue of approximately RMB192.4 million, representing an increase of 2.8% as compared to approximately RMB187.2 million for the first quarter of 2020, and a decrease of 16.6% as compared to approximately RMB230.7 million for the fourth quarter of 2020; the new export business for the first quarter of 2021 achieved revenue of approximately RMB186.9 million, representing a decrease of 22.4% as compared to approximately RMB240.8 million for the first quarter of 2020, and a decrease of 6.2% as compared to approximately RMB199.2 million for the fourth quarter of 2020.

In terms of products: the sales volume of processed chicken meat products for the first quarter of 2021 was approximately 23,000 tons, representing an increase of 26.9% and a decrease of 6.4% as compared to the first quarter of 2020 and the fourth quarter of 2020, respectively; revenue from sales of processed chicken meat products was approximately RMB456.3 million, representing an increase of 15.9% and a decrease of 5.5% as compared to the first quarter of 2020 and the fourth quarter of 2020, respectively. The sales volume of raw chicken meat products for the first quarter of 2021 was approximately 40,000 tons, representing a decrease of 7.2% and 21.4% as compared to the first quarter of 2020 and the fourth quarter of 2020, respectively; revenue from sales of raw chicken meat products was approximately RMB392.4 million, representing a decrease of 24.5% and 19.3% as compared to the first quarter of 2020 and the fourth quarter of 2020, respectively. The non-core business, including chicken breeds, for the first quarter of 2021 achieved revenue of approximately RMB51.8 million.

In the first quarter of 2021, the Group's product structure was further optimised, with revenue of approximately RMB456.3 million from sales of processed chicken meat products, representing an increased proportion of 50.7% in the Group's revenue. Revenue from online and offline sales of the "iShape (優形)" brand was approximately RMB77.6 million, representing an increase of 176.7% as compared to approximately RMB28.0 million for the first quarter of 2020, and a decrease of 7.4% as compared to approximately RMB83.8 million for the fourth quarter of 2020.

During the first quarter of 2021, to cope with the complex domestic and international market environments and to adapt to the upgrade of consumption in the industry, the Company adhered to its product strategy of "shifting from raw to processed chicken meat products" and its channel strategy of "B+C" continuously. With more emphasis on developing and improving its B2C business, the Company focused further on the operation of "iShape (優形)" brand, accelerated organisational changes, and allocated resources efficiently for its rapidly growing business.

Looking forward, the Group will (1) continue to optimise the supply chain structure, match the rapidly growing business needs, control costs, and establish a good industrial ecosystem; (2) continue to increase research and development investment, strengthen its research and development team and enhance the responsiveness of the industrial chain to market demand; (3) continue to enhance brand awareness and consolidate the comprehensive advantages of product power, brand power and marketing power; and (4) advance the digital operation transformation process, improve the level of digital operations, improve its capabilities to serve consumers and develop loyal user base and brand popularity.

The board of directors of the Company (the “Board”) hereby reminds the shareholders and potential investors of the Company that the above announcement is made based on unaudited operational data of the Group and the information to the extent available to the Group and such data or information has not been audited or reviewed by the Company’s auditor or the Company’s audit committee. Differences may arise between such figures and the disclosure in subsequent results announcements, financial reports and/or other relevant corporate materials.

The content of this announcement does not constitute profit alert or profit warning, and is only for the cautious reference of the shareholders and potential investors of the Company only.

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

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

Shandong, the PRC
30 April 2021

As at the date of this announcement, the Board comprises Mr. Liu Zhiguang, Mr. Xiao Dongsheng and Mr. Wang Jinsheng as executive directors, Mr. Liu Xuejing, Mr. Zhang Chuanli and Mr. Ow Weng Cheong as non-executive directors, and Mr. Guo Tianyong, Mr. Zhang Ye and Mr. Chung Wai Man as independent non-executive directors.