

The information set forth in this appendix does not form part of the Accountant's Report prepared by BDO Limited, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set forth in Appendix I to this prospectus.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants is for illustrative purpose only, and is set out herein to provide the prospective investors with further illustrative financial information about how the Global Offering might have affected the consolidated net tangible assets of the Group after the completion of the Global Offering as if the Global Offering had taken place on 31 December 2019. Because of its hypothetical nature, this unaudited pro forma financial information may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed on 31 December 2019 or at any future dates.

	Consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2019	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share	
	RMB'000 (Note 1)		RMB'000 (Note 2)	RMB'000	RMB (Notes 3, 4 & 5)
Based on the Offer Price of HK\$3.33 per Share	<u>2,254,844</u>	<u>1,004,143</u>	<u>3,258,987</u>	<u>2.33</u>	<u>2.55</u>
Based on the Offer Price of HK\$5.10 per Share	<u>2,254,844</u>	<u>1,562,581</u>	<u>3,817,425</u>	<u>2.73</u>	<u>2.99</u>

Notes:

- The consolidated net tangible assets attributable to owners of the Company as at 31 December 2019 are based on the consolidated net assets attributable to owners of the Group in the amount of RMB2,264,372,000, as extracted from the consolidated financial statements in the Accountants' Report included in Appendix I to this prospectus, less intangible assets in the amount of RMB9,528,000.
- The estimated net proceeds from the Global Offering are based on 355,000,000 new shares to be issued and the indicative Offer Prices of HK\$3.33 and HK\$5.10 per Offer Share, respectively, after deduction of underwriting commissions and fees and other related expenses (excluding listing expenses of approximately RMB10,042,000 which have been accounted for in the Group's consolidated statements of comprehensive income prior to 31 December 2019) payable by the Group and without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option.
- No adjustment has been made to the consolidated net tangible assets attributable to owners of the Group as at 31 December 2019 to reflect any of the Group's trading results or other transactions entered into subsequent to 31 December 2019.
- The pro forma adjusted net tangible assets per Share is arrived at after the adjustment referred to in note 2 above and on the basis that 1,400,000,000 Shares were in issue assuming that the Global Offering had been completed and the Over-allotment Option was not exercised.
- The pro forma adjusted consolidated net tangible assets per Share is converted into HK\$ at an exchange rate of HK\$1 to RMB0.9116. No representation is made that the HK\$/RMB amounts have been, could have been or may be converted to RMB and HK\$ or vice versa, at that rate or at all.

(B) REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for inclusion in this prospectus, received from the independent reporting accountant of the Group, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



Tel: +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話: +852 2218 8288
傳真: +852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**To the directors of Shandong Fengxiang Co., Ltd. (山東鳳祥股份有限公司)**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Shandong Fengxiang Co., Ltd. (山東鳳祥股份有限公司, the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 December 2019 and related notes as set out on page II-1 of Appendix II of the Company's prospectus dated 30 June 2020 (the "Prospectus") in connection with the proposed global offering of the shares of the Company (the "Global Offering"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on page II-1 of Appendix II of the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Global Offering on the Group's consolidated financial position as at 31 December 2019 as if the Global Offering had taken place at 31 December 2019. As part of this process, information about the Group's consolidated financial position as at 31 December 2019 has been extracted by the directors of the Company from the Group's financial information for the year ended 31 December 2019, on which an accountants' report set out in Appendix I of the Prospectus has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Global Offering at 31 December 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

BDO Limited

Certified Public Accountants

Hong Kong

30 June 2020