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Fufeng Group Limited
阜豐集團有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 546)

Profit Warning

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors of the Company that the consolidated net profit of the Group for the year ended 31 December 2011 is expected to decrease as compared with the consolidated net profit for the year ended 31 December 2010, notwithstanding the production of the new Hulunbeir Plant of the Group has commenced in the second half of 2011 with continuous increase in turnover.

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

This announcement is made by the board (the “**Board**”) of Fufeng Group Limited (the “**Company**”, and 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**”).

The Board hereby informs the Shareholders and potential investors of the Company that the consolidated net profit for the financial year ended 31 December 2011 is expected to decrease as compared with the consolidated net profit for the financial year ended 31 December 2010, after assessment of the available information, notwithstanding the production of the new Hulunbeir Plant of the Group has commenced in the second half of 2011 with continuous increase in turnover.

The Board believes that the Group's performance was mainly affected by:

- (i) the price of major raw materials showed a growing trend and maintained at a high level during the second half of 2011. Aiming to the completion of industry consolidation, the selling price of the products of the Group was slightly decreased, making the gross profit margin for key products decreased significantly during the second half of 2011;
- (ii) following the new production capacity of the new Hulunbeir Plant of the Group has commenced operation successively during the second half of 2011, the relevant fixed costs increased significantly; and
- (iii) the increasing interest charges resulting from the issuance of additional United States Dollar Senior Notes by the Group on 13 April 2011 mainly for the construction of the new Hulunbeir Plant and new production capacity.

The Company is still in the process of finalising the results for the year ended 31 December 2011. The information contained herein is a preliminary estimate given by the management of the Group based on the management accounts of the Group which have not been audited or reviewed by the auditor of the Company. Further details of the Group's performance will be disclosed when the annual results of the Group for the financial year ended 31 December 2011 are published.

Despite the lower profit for the year ended 31 December 2011, the Board considers that the Group's overall financial position is still healthy and the Board remains positive on the long term prospect of the Group.

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

By order of the Board
Fufeng Group Limited
Li Xuechun
Chairman

Hong Kong, 8 February 2012

As at the date of this announcement, the executive directors of the Company are Mr. Li Xuechun, Mr. Wang Longxiang, Mr. Feng Zhenquan, Mr. Xu Guohua, Mr. Li Deheng, Mr. Chen Yuan and Mr. Li Guangyu and the independent non-executive directors of the Company are Mr. Choi Tze Kit, Sammy, Mr. Chen Ning and Mr. Liang Wenjun.