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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)

ANNOUNCEMENT DISCLOSEABLE TRANSACTION ACQUISITION OF LAND IN THE PRC

The Board is pleased to announce that on 19 December 2014, after trading hours, Junan North Company A and Junan North Company B, both wholly owned subsidiaries of the Company, have entered into the Land Transfer Contracts with the Land Bureau, pursuant to which the Land Bureau confirmed that Junan North Company A and Junan North Company B won the bids for the land use rights, through an auction (listing-for sale) organized by Junan County Public Resources Service Center* (莒南縣公共資源交易服務中心), in respect of the approximately 104,967.60 square metres and approximately 43,781.00 square metres at the consideration of RMB110.23 million (equivalent to approximately HK\$138.89 million**) and RMB45.98 million (equivalent to approximately HK\$57.93 million**) respectively. The total site area of the Land is approximately 148,748.60 square metres and is situated at located at Longshan Road (Northern section), Junan County, Shandong Province, PRC* (莒南縣縣城隆山路北段), is designated for commercial use and forms part of the Shangdong Land where an old MSG production site of the Group was situated. The aggregated consideration for the Land is RMB156.21 million (equivalent to approximately HK\$196.82 million**), which represented an average selling price of approximately RMB1,050.16 per square meter in terms of the total site area. The Group intends to hold the Land for investment purpose as it continues to evaluate the Group's future business development and expansion plans in Shandong province. As at the date hereof, the Group has not drawn up any concrete development and construction plan for the Land.

Since the Land Transfer Contracts were signed within 12 months of the First Acquisition Agreement and these agreements involve the acquisition by the Group of parts of Shangdong Land and are entered into with the same party being the Land Bureau, they are therefore required to be aggregated pursuant to the Listing Rule.

Since one or more of the applicable percentage ratios in respect of the transactions contemplated under the Agreements, on an aggregated basis, exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcements of the Company (i) dated 23 June 2014, pursuant to which the Land Bureau confirmed that Junan Company, a wholly owned subsidiary of the Company, has won a bid for the land use right (the “First Acquisition Agreement”) in respect of a land with an aggregate area of approximately 253,926.1 square metres situated at Longshan Road (Northern section), Junan County, Shandong Province, the PRC* (莒南縣縣城隆山路北段) (the “First Acquisition Announcement”), which forms part of the Shangdong Land. Unless otherwise stated, capitalized terms in this announcement shall have the same meaning as in the First Acquisition Announcement.

THE LAND AND THE AUCTION (LISTING-FOR-SALE)

Pursuant to the Land being put up for auction (listing-for-sale) by the Junan County Public Resources Service Center, the Board of the Company is pleased to announce that on 19 December 2014, after trading hours, Junan North Company A and Junan North Company B, both wholly-owned subsidiaries of the Company, entered into the Land Transfer Contracts with the Land Bureau, pursuant to which the Land Bureau confirmed that Junan North Company A and Junan North Company B won the bids for the land use right in respect of the approximately 104,967.60 square metres and approximately 43,781.00 square metres at the consideration of RMB110.23 million (equivalent to approximately HK\$138.89 million**) and RMB45.98 million (equivalent to approximately HK\$57.93 million**) respectively.

The total aggregated site area of the Land is approximately 148,748.60 square metres and is situated at located at Longshan Road (Northern section), Junan County, Shandong Province, PRC* (莒南縣縣城隆山路北段), and is designated for commercial use and forms part of the Shangdong Land where an old MSG production site of the Group was situated.

The aggregated consideration for the Land is RMB156.21 million (equivalent to approximately HK\$196.82 million**), which represented an average selling price of approximately RMB1,050.16 per square meter in terms of the total site area. Pursuant to the terms of the relevant Land Transfer Contracts, the deposit balance of RMB156.21 million already paid for participating in the auction would be used for the full settlement of the consideration. The Company has settled the above deposit i.e. the total consideration for the Land from its internal resources.

The consideration for the Acquisition of the Land was arrived at as a result of successful bids by Junan North Company A and Junan North Company B in the auction (listing-for-sale) process. The bids submitted by Junan North Company A and Junan North Company B for the Land in aggregate was RMB156.21 million (equivalent to approximately HK\$196.82 million**). In deciding to bid at that price, Junan North Company A and Junan North Company B has taken into account the minimum bid price, land price in the surrounding areas, current property market conditions and development potential of the Land.

The counterparty in the Acquisition is the Land Bureau, which is a PRC governmental body responsible for, among other things, the tendering, auction and listing-for-sale of rights to use state-owned land in Junan County, Shandong Province. To be best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Land Bureau and the ultimate beneficial owner(s) of the Land Bureau, are third parties independent of the Company and connected persons of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the First Acquisition Announcement, Junan County, Shandong Province is one of the operational and organizational headquarters of the Group in China and the Land in aggregate is part of a piece of industrial use land of an aggregate area of approximately 509,857.4 square meters situated at Longshan Road (Northern section) Junan County, Shandong Province, PRC (莒南縣縣城隆山路北段) (the “Shandong Land”), which had been owned by the Company in Shandong as the old production site of Shandong Fufeng Fermentation Co. Ltd.. However, the Group relocated its Shandong production of MSG to Inner Mongolia in May 2011 and the Group had ceased production activities on the Shandong Land and had since utilized the Shandong Land for office use, before being notified by the Land Bureau that, as a part of the overall town planning and development of Junan County, the Land would be returned to Junan County Government and be put up for auction.

The Directors believe that the Acquisition represents a good opportunity to repurchase an old property of the Company at a reasonable price. Upon completion of the Land Transfer Contracts, the usage of the Land will be changed from industrial to commercial, of which the Directors expect the valuation of the Land could be enhanced. The Group intends to hold the Land and the plot of land with an aggregate area of approximately 253,926.1 square metres under the First Acquisition Agreement, for investment purpose as it continues to evaluate the Group’s future business development and expansion plans in Shangdong province. As at the date hereof, the Group has not drawn up any concrete development or construction plan for the Land or the plot of land under the First Acquisition Agreement.

The Directors consider that the terms and conditions of the Acquisition are fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL

The Company is one of the leading vertically integrated manufacturers of glutamic acid, monosodium glutamate (MSG) and xanthan gum in the PRC and in the world and has been listed on the Main Board of the Hong Kong Stock Exchange since 8 February 2007.

Since the Land Transfer Contracts were signed within 12 months of the First Acquisition Agreement and these agreements involve the acquisition by the Group of parts of Shangdong Land and are entered into with the same party being the Land Bureau, they are therefore required to be aggregated pursuant to the Listing Rule.

Since one or more of the applicable percentage ratios in respect of the transactions contemplated under the Agreements, on an aggregated basis, exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:

“Acquisition”	the acquisition of the land use right in respect of the Land by Junan North Company A and Junan North Company B under the auction (listing-for-sale) process
“Board”	the board of Directors of the Company
“Company”	Fufeng Group Limited (Stock Code: 546), a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the legal currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Junan Company”	Junan North City Property Company Limited* (莒南北城置業有限公司), a PRC incorporated company and a wholly-owned subsidiary of the Company
“Junan North Company A”	Junan North Part Property Company Limited* (莒南北部置業有限公司), a PRC incorporated company and a wholly-owned subsidiary of the Company
“Junan North Company B”	Junan Northern Property Company Limited* (莒南北方置業有限公司), a PRC incorporated company and a wholly-owned subsidiary of the Company
“Land”	Two plots of land located at Longshan Road (Northern section) Junan County, Shandong Province, PRC) (莒南縣縣城隆山路北段), occupying a total site area of approximately 148,748.60 square metres
“Land Bureau”	莒南縣國土資源局 (Junan County Bureau of Land and Resources*)

“Land Transfer Contracts”	Two contracts for the transfer of land use right of two plots of state-owned construction land (國有建設用地使用權出讓合同) in respect of the land use right of the Land to be entered into between the Land Bureau as transferor and Junan North Company A and Junan North Company B as transferee for an aggregate consideration of RMB156.21 million (equivalent to approximately HK\$196.82 million**)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the legal currency of the PRC
“Shandong Land”	a parcel of land located at Longshan Road (Northern section) Junan County, Shandong Province, PRC (莒南縣縣城隆山路北段), occupying site area of approximately 509,857.4 square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
Fufeng Group Limited
Li Xuechun
Chairman

Hong Kong, 19 December 2014

* *The English names of the PRC entities referred to in this announcement are transliterations from their Chinese names and are for identification purposes only, and should not be regarded as the official English name(s) of such Chinese name(s). If there is any inconsistency, the Chinese name shall prevail.*

** *In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.26. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

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, Mr. Qi Qing Zhong and Ms. Zheng Yu.