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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 board of directors (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 six months ended 30 June 2018 is expected to decrease significantly as compared to the consolidated net profit for the six months ended 30 June 2017, after assessment of the currently available information including the preliminary unaudited management accounts of the Group for the five months ended 31 May 2018 and the business operation position of the Group in the first half of 2018 so far.

The Board believes that the Group’s interim results was mainly affected by (i) the significant increase in raw material costs such as corn kernel costs and coal costs during the five months ended 31 May 2018 as compared to the same period in 2017. Average corn kernel costs increased from approximately RMB1,270 per tonne to approximately RMB1,440 per tonne (or approximately 13.4%) whilst average coal costs increased from approximately RMB201 per tonne to approximately RMB232 per tonne (or approximately 15.4%) from the five months ended 31 May 2017 to the same period in 2018; and (ii) whilst, such increase in costs was not passed on resulting in the selling price of our key products including the monosodium glutamate (“**MSG**”) not being raised accordingly. Such factors resulted in a significant decrease in the gross profit margin of those relevant products.

The information contained herein is a preliminary assessment given by the management of the Group based on the management accounts of the Group for the five months ended 31 May 2018, which have not been audited or reviewed by the auditor of the Company, and the business performance thus far in June 2018. Further details of the Group’s performance will be disclosed when the interim results of the Group for the six months ended 30 June 2018 are published.

Despite the expected lower profit for the six months ended 30 June 2018 compared with the corresponding period of last year due to the cyclical fluctuation in raw material costs, the Board still expects the Group to be profitable for the six months ended 30 June 2018 and considers that the Group's overall financial position to be healthy and the Board remains positive on the long term prospect of the Group.

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

By the order of the Board
Fufeng Group Limited
Li Xuechun
Chairman

Hong Kong, 15 June 2018

As at the date of this announcement, the executive directors of the Company are Mr. Li Xuechun, Mr. Zhao Qiang, Mr. Li Deheng, Mr. Pan Yuehong and Mr. Li Guangyu and the independent non-executive directors of the Company are Mr. Xiao Jian Lin, Mr. Qi Qing Zhong and Ms. Zheng Yu.