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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
CONNECTED TRANSACTION
ACQUISITION OF SHARES

ACQUISITION OF SHARES

The Board is pleased to announced that on 21 July 2025 (after trading hours), Shandong Fufeng, Fufeng Marketing and Qingdao Wanchuang, all being indirectly wholly-owned subsidiaries of the Company, entered into the Sale and Purchase Agreement with Junan Zhifeng, Linyi Chengchuang and Qingdao Yijing, pursuant to which Qingdao Yijing agreed, as developer, to develop the parcel of land owned by it according to the instructions of Shandong Fufeng, Fufeng Marketing and Qingdao Wanchuang (that is, constructing the Properties) in exchange for Junan Zhifeng and Linyi Chengchuang transferring their respective interests in Qingdao Yijing to Shandong Fufeng, Fufeng Marketing and Qingdao Wanchuang respectively in three tranches. Junan Zhifeng and Linyi Chengchuang shall be responsible for financing (without interests) Qingdao Yijing to carry out the construction works. The expected contract amount is RMB355,000,000 (subject to an adjustment of 3% below or above the expected contract amount). As such, the maximum contract amount will not exceed RMB365,650,000.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Qingdao Yijing is owned as to 99% and 1% by Junan Zhifeng and Linyi Chengchuang respectively. Junan Zhifeng is ultimately owned as to 86.98%, 2.46%, 2.46%, 0.96%, 0.82%, 0.82%, 0.61% and 0.61% by Ms. Li Hongyu, Mr. Li Deheng, Mr. Guo Yingxi, Mr. Feng Jie, Mr. Lai Fengtang, Mr. Zhao Lankun, Mr. Nie Guibin and Mr. Huan Yuewe respectively. Linyi Chengchuang is owned as to 50% and 50% by Mr. Song Yijie and Ms. Li Lan respectively. Save for (i) Ms. Li Hongyu, who is the daughter of Mr. Li Xuechun, an executive Director and chairman of the Board, and sister of Mr. Li Guangyu, an executive Director; (ii) Mr. Li Deheng, an executive Director; and (iii) Mr. Lai Fengtang and Mr. Zhao Lankun, who were all directors of certain subsidiaries of the Company in the last 12 months as of the date of the Sale and Purchase Agreement, all the other shareholders of Junan Zhifeng and Linyi Chengchuang are Independent Third Parties. As such, each of Ms. Li Hongyu, Mr. Li Deheng, Mr. Lai Fengtang, Mr. Zhao Lankun, Junan Zhifeng and Qingdao Yijing are connected persons of the Company and accordingly, the Sale and Purchase Agreement and the transactions contemplated under the Sale and Purchase Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Sale and Purchase Agreement exceed 0.1% but are less than 5%, the Sale and Purchase Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from circular (including independent financial advice) and shareholders' approval requirements pursuant to R14A.76(2) of the Listing Rules.

INTRODUCTION

The Board is pleased to announced that on 21 July 2025 (after trading hours), Shandong Fufeng, Fufeng Marketing and Qingdao Wanchuang, all being indirectly wholly-owned subsidiaries of the Company, entered into the Sale and Purchase Agreement with Junan Zhifeng, Linyi Chengchuang and Qingdao Yijing, pursuant to which Qingdao Yijing agreed, as developer, to develop the parcel of land owned by it according to the instructions of Shandong Fufeng, Fufeng Marketing and Qingdao Wanchuang (that is, constructing the Properties) in exchange for Junan Zhifeng and Linyi Chengchuang transferring their respective interests in Qingdao Yijing to Shandong Fufeng, Fufeng Marketing and Qingdao Wanchuang respectively in three tranches. Junan Zhifeng and Linyi Chengchuang shall be responsible for financing (without interests) Qingdao Yijing to carry out the construction works. The expected contract amount is RMB355,000,000 (subject to an adjustment of 3% below or above the expected contract amount). As such, the maximum contract amount will not exceed RMB365,650,000.

THE SALE AND PURCHASE AGREEMENT

- Date** : 21 July 2025 (after trading hours)
- Parties** : (1) Shandong Fufeng, Fufeng Marketing and Qingdao Wanchuang as the purchasers;
- (2) Junan Zhifeng and Linyi Chengchuang as the vendors;
and
- (3) Qingdao Yijing as the developer

Subject Matter

Pursuant to the Sale and Purchase Agreement, Qingdao Yijing agreed, as developer, to develop the parcel of land owned by it according to the instructions of Shandong Fufeng, Fufeng Marketing and Qingdao Wanchuang (that is, constructing the Properties) in exchange for Junan Zhifeng and Linyi Chengchuang transferring their respective interests in Qingdao Yijing to Shandong Fufeng, Fufeng Marketing and Qingdao Wanchuang respectively in three tranches. Junan Zhifeng and Linyi Chengchuang shall be responsible for financing (without interests) Qingdao Yijing to carry out the construction works and Qingdao Yijing shall not obtain any other financing from any other third parties without the prior consent of Shandong Fufeng, Fufeng Marketing and Qingdao Wanchuang.

Upon completion, Qingdao Yijing shall remain as the registered owner of the completed construction works (being the Properties) and the entire interests in Qingdao Yijing will be owned by Shandong Fufeng, Fufeng Marketing and Qingdao Wanchuang as set out in the section headed “Consideration and Payment Term” below. Accordingly, Qingdao Yijing will thereafter be indirectly wholly-owned by the Company through Shandong Fufeng, Fufeng Marketing and Qingdao Wanchuang respectively.

Term

The construction period shall be two years commencing from the date when the construction work formally starts and is expected to commence in July 2025 and end in July 2027 (subject to the necessary approvals being obtained). Qingdao Yijing shall obtain the permit to commence construction works within 3 months upon the Sale and Purchase Agreement becoming effective.

Consideration and Payment Term

The expected contract amount is RMB355,000,000 (subject to an adjustment of 3% below or above the expected contract amount). As such, the maximum contract amount will not exceed RMB365,650,000 (“**Total Maximum Contract Amount**”).

Pursuant to the Sale and Purchase Agreement, the payment of the contract amount shall be as follows:

1. within 30 days of signing of the Sale and Purchase Agreement, Junan Zhifeng shall transfer 5% of its interests in Qingdao Yijing to Shandong Fufeng and Shandong Fufeng shall pay 5% of the value of the corresponding 5% interests to be transferred to Junan Zhifeng (“**First Payment**”);
2. within 18 months of signing of the Sale and Purchase Agreement, Junan Zhifeng shall transfer 40% of its interests in Qingdao Yijing to Fufeng Marketing and Fufeng Marketing shall pay 40% of the value of the corresponding 40% interests to be transferred to Junan Zhifeng (“**Second Payment**”);
3. within 15 days after completion, Junan Zhifeng shall transfer 54% of its interests and Linyi Chengchuang shall transfer 1% of its interest in Qingdao Yijing to Qingdao Wanchuang. Qingdao Wanchuang shall pay the remaining contract amount (being the Total Maximum Contract Amount less the First Payment and Second Payment and all liabilities incurred by Qingdao Yijing) to Junan Zhifeng and Linyi Chengchuang after 10 days upon receipt of the necessary land registration documents (“**Third Payment**”).

In the event that the liabilities incurred by Qingdao Yijing together with the First Payment, Second Payment and Third Payment exceed Total Maximum Contract Amount, such exceeding amount shall be written off by Junan Zhifeng and Linyi Chengchuang.

The contract amount was determined by the parties after arm’s length negotiations with reference to the valuation report in respect of the estimated gross development value of the property (in bare shell condition) as at 31 May 2025 which is estimated to be RMB358,000,000, received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer and consultant.

The contract amount will be paid by the Group using its internal resources.

Set out below is a summary of the valuation report rendered by Jones Lang LaSalle Corporate Appraisal and Advisory Limited:

Valuation Date : 31 May 2025

Valuation Methodology : market approach

- Valuation Assumptions : (i) The property can be freely transferred, leased or disposed without payment of any further land premium, legal impediments, penalty or transfer fees;
- (ii) The design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities and all necessary authorizations and permits have been obtained in respect of the construction works and we have assumed that it will be developed and completed in accordance with the latest development proposal provided by the instructing party; and
- (iii) information provided for valuation purposes are accurate and complete.

Completion

Completion shall take place upon all parties being satisfied with the construction work which shall include the Properties. Upon Junan Zhifeng and Linyi Chengchuang transferring 54% and 1% of their respective interests in Qingdao Yijing to Qingdao Wanchuang, Qingdao Yijing will become an indirectly wholly-owned subsidiary of the Company and its financial statements will be consolidated into the Group.

Information of the Parcel of Land held by Qingdao Yijing

The parcel of land owned by Qingdao Yijing is located at 青島市城陽區慕海路19號 (No.19, Wuhai Road, Chengyang District, Qingdao*) with an area of approximately 10,404 square metres for commercial land usage.

Information of Qingdao Yijing

Set out below is the net loss of Qingdao Yijing (which was established in September 2024) for the year ended 31 December 2024:

	For the year ended 31 December 2024 (RMB)
Net loss (before and after taxation)	53,740

REASONS FOR ENTERING INTO OF THE SALE AND PURCHASE AGREEMENT

Upon entering into the Sale and Purchase Agreement, the Properties will further enhance the expansion of the Group. In addition, as the new location is situated near to the railway station and the airport, the new location will further enhance the convenience and accessibility of the Group's employees, customers and suppliers. As such, the Board (including the independent non-executive Directors) are of the view that the entering into of the Sale and Purchase Agreement is beneficial to the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES

Shandong Fufeng

Shandong Fufeng is a company established in the PRC with limited liability and is mainly engaged in the manufacture and sales of food additives in the PRC. Shandong Fufeng is an indirectly wholly-owned subsidiary of the Company.

Fufeng Marketing

Fufeng Marketing is a company established in the PRC with limited liability and is mainly engaged in the sales of food additives in the PRC. Fufeng Marketing is an indirectly wholly-owned subsidiary of the Company.

Qingdao Wanchuang

Qingdao Wanchuang is a company established in the PRC with limited liability and is mainly engaged in the sales of food additives in the PRC. Qingdao Wanchuang is an indirectly wholly-owned subsidiary of the Company.

Junan Zhifeng

Junan Zhifeng is a company established in the PRC with limited liability and is mainly engaged in investment holding business. Junan Zhifeng is ultimately owned as to 86.98%, 2.46%, 2.46%, 0.96%, 0.82%, 0.82%, 0.61% and 0.61% by Ms. Li Hongyu, Mr. Li Deheng, Mr. Guo Yingxi, Mr. Feng Jie, Mr. Lai Fengtang, Mr. Zhao Lankun, Mr. Nie Guibin and Mr. Huan Yuewe respectively. Save for (i) Ms. Li Hongyu, who is the daughter of Mr. Li Xuechun, an executive Director and chairman of the Board, and sister of Mr. Li Guangyu, an executive Director; (ii) Mr. Li Deheng, an executive Director; and (iii) Mr. Lai Fengtang and Mr. Zhao Lankun, who were all directors of certain subsidiaries of the Company in the last 12 months as of the date of the Sale and Purchase Agreement, all the other shareholders of Junan Zhifeng are Independent Third Parties. As such, Junan Zhifeng is a connected person of the Company under Chapter 14A of the Listing Rules.

Linyi Chengchuang

Linyi Chengchuang is a company established in the PRC with limited liability and is mainly engaged in investment holding business. Linyi Chengchuang is owned as to 50% and 50% by Mr. Song Yijie and Ms. Li Lan respectively, all of whom are Independent Third Parties.

Qingdao Yijing

Qingdao Yijing is a company established in the PRC with limited liability and is mainly engaged in property development in the PRC. Qingdao Yijing is owned as to 99% and 1% by Junan Zhifeng and Linyi Chengchuang respectively. As such, Qingdao Yijing is a connected person of the Company under Chapter 14A of the Listing Rules. In addition, as of the date of this announcement, Qingdao Yijing only holds the parcel of land as disclosed above and the original acquisition costs of the parcel of land was approximately RMB47,000,000.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Qingdao Yijing is owned as to 99% and 1% by Junan Zhifeng and Linyi Chengchuang respectively. Junan Zhifeng is ultimately owned as to 86.98%, 2.46%, 2.46%, 0.96%, 0.82%, 0.82%, 0.61% and 0.61% by Ms. Li Hongyu, Mr. Li Deheng, Mr. Guo Yingxi, Mr. Feng Jie, Mr. Lai Fengtang, Mr. Zhao Lankun, Mr. Nie Guibin and Mr. Huan Yuewe respectively. Linyi Chengchuang is owned as to 50% and 50% by Mr. Song Yijie and Ms. Li Lan respectively. Save for (i) Ms. Li Hongyu, who is the daughter of Mr. Li Xuechun, an executive Director and chairman of the Board, and sister of Mr. Li Guangyu, an executive Director, (ii) Mr. Li Deheng, an executive Director; and (iii) Mr. Lai Fengtang and Mr. Zhao Lankun, who were all directors of certain subsidiaries of the Company in the last 12 months as of the date of the Sale and Purchase Agreement, all the other shareholders of Junan Zhifeng and Linyi Chengchuang are Independent Third Parties. As such, each of Ms. Li Hongyu, Mr. Li Deheng, Mr. Lai Fengtang, Mr. Zhao Lankun, Junan Zhifeng and Qingdao Yijing are connected persons of the Company and accordingly, the Sale and Purchase Agreement and the transactions contemplated under the Sale and Purchase Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Sale and Purchase Agreement exceed 0.1% but are less than 5%, the Sale and Purchase Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from circular (including independent financial advice) and shareholders' approval requirements pursuant to R14A.76(2) of the Listing Rules.

In addition, as (i) Ms. Li Hongyu is the daughter of Mr. Li Xuechun, an executive Director and chairman of the Board, and sister of Mr. Li Guangyu, an executive Director and (ii) Mr. Li Deheng is an executive Director, Mr. Li Xuechun, Mr. Li Guangyu and Mr. Li Deheng abstained from voting on the resolutions approving the entering into of the Sale and Purchase Agreement and the transactions contemplated under the Sale and Purchase Agreement.

DEFINITIONS

In this announcement, unless otherwise stated, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Company”	Fufeng Group Limited (stock code: 546), a company incorporated in the 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
“Fufeng Marketing”	阜豐營銷有限公司 (Fufeng Marketing Co., Ltd*), an indirectly wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	parties who/which are independent and not connected person(s) of the Company
“Junan Zhifeng”	莒南智豐置業有限公司 (Junan Zhifeng Real Estate Co., Ltd.*), a connected person of the Company
“Linyi Chengchuang”	臨沂誠創置業發展有限公司 (Linyi Chengchuang Real Estate Development Co., Ltd.*), an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Properties”	the new headquarters, dormitory and ancillary buildings (in bare shell condition)
“Qingdao Wanchuang”	青島萬創國際經貿有限公司 (Qingdao Wanchuang International Trading Co., Ltd*), an indirectly wholly-owned subsidiary of the Company

“Qingdao Yijing”	青島沂景置業有限公司 (Qingdao Yijing Real Estate Co., Ltd.*), a connected person of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 21 July 2025 entered into between Shandong Fufeng, Fufeng Marketing, Qingdao Wanchuang, Junan Zhifeng, Linyi Chengchuang and Qingdao Yijing
“Shandong Fufeng”	山東阜豐發酵有限公司 (Shandong Fufeng Fermentation Co., Ltd.*), an indirectly wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the board
Fufeng Group Limited
Li Xuechun
Chairman

Hong Kong, 21 July 2025

As at the date of this announcement, the executive directors of the Company are Mr. Li Xuechun, Mr. Li Deheng and Mr. Li Guangyu and the independent non-executive directors of the Company are Mr. Lau Chung Wai, Mr. Zhang Youming and Ms. Li Ming.

* *for identification purposes only*