

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 10 December 2014, after trading hours, Baoji Bao Feng, a wholly owned subsidiary of the Company, entered into the Confirmation Agreement and the Land Transfer Contract with the Baoji Land Reserve Centre, pursuant to which Baoji Land Reserve Centre confirmed that Baoji Bao Feng won a bid for the land use right in respect of the Land at the consideration of RMB135.6 million (equivalent to approximately HK\$170.9 million**), representing an average selling price of approximately RMB1,878.2 per square meter in terms of total site area through an auction (listing-for sale) organized by Baoji Land Reserve Centre. The Land has a total site area of 108.3 Mu (or approximately 72,196.7 square metres) situated at Gao Xin Jiu Road, East Area, Baoji High-Technology Development Zone, Baoji City, Shaanxi Province, PRC, and forms part of the Baoji Land where Baoji Plant of the Group used to be situated. 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 Shaanxi province. As at the date hereof, the Group has not drawn up any concrete development and construction plan for the Land.

Since the Confirmation Agreement and the Land Transfer Contract signed within 12 months of the First Acquisition Agreement and both agreements involve the acquisition by the Group of parts of Baoji Land and are entered into with the same party being Baoji Land Reserve Centre, 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 7 October 2013 relating to preliminary discussions with the local government of Baoji City, Shaanxi Province regarding the potential relocation of its production plant located in Baoji city (the “**Baoji Plant**”) (the “**Relocation**”); (ii) dated 24 January 2014 pursuant to which, Baoji Fufeng, a wholly owned subsidiary of the Company, has entered into a framework investment agreement (the “**Framework Investment Agreement**”) with Caijiapo Economic and Technological Development Zone Management Committee of Shaanxi Province (陝西省蔡家坡經濟技術開發區管理委員會) (the “**Caijiapo Committee**”); (iii) dated 3 September 2014, pursuant to which Baoji Fufeng entered into an agreement with Baoji Land Reserve Centre for the industrial use land of an aggregate area of approximately 569.654 Mu (around 379,769 square metre) situated at Gao Xin Jiu Road, East Area, Baoji High-Technology Development Zone, Baoji City, Shaanxi Province, PRC (the “**Baoji Land**”), pursuant to which the Baoji Land would be returned to Baoji Government and be put up for auction (the “**Auction**”); (iv) dated 12 October 2014 in relation to the acquisition of the land use right right in respect of the two plots of land with an aggregate area of approximately 406.921 Mu (or approximately 271,280.7 square metres) which forms part of the Baoji Land where the Baoji Plant of the Company used to be situated by Baoji Ding Feng under the auction (listing-for-sale) process (the “**First Acquisition Announcement**”); and (v) dated 2 December 2014, pursuant to which Baoji Bao Feng has won a bid, subject to the entering into of the Confirmation Agreement and the Land Transfer Contract, for the Land with an aggregate area of approximately 108.3 Mu (or approximately 72,196.7 square metres) situated at Gao Xin Jiu Road, East Area, Baoji High-Technology Development Zone, Baoji City, Shaanxi Province, PRC (collectively the “**Relocation Announcements**”). Unless otherwise stated, capitalized terms in this announcement shall have the same meaning as in the Relocation Announcements.

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

Pursuant to the Land being put up for auction (listing-for-sale) by the Baoji Land Reserve Centre, the Board of the Company is pleased to announce that on 10 December 2014, after trading hours, Baoji Bao Feng, a wholly-owned subsidiary of the Company, entered into the Confirmation Agreement and the Land Transfer Contract with the Baoji Land Reserve Centre, pursuant to which Baoji Land Reserve Centre confirmed that Baoji Bao Feng won a bid for the land use right in respect of the Land at the consideration of RMB135.6 million (equivalent to approximately HK\$170.9 million**), representing an average selling price of approximately RMB1,878.2 per square meter in terms of total site area through an auction (listing-for-sale) organized by Baoji Land Reserve Centre.

The Land is situated at Gao Xin Jiu Road, East Area, Baoji High-Technology Development Zone, Baoji City, Shaanxi Province, PRC, and forms part of the Baoji Land where the Baoji Plant of the Company used to be situated. The total site are of the Land is approximately 108.3 Mu (or approximately 72,197.7 square metres).

The consideration of the Land is RMB135.6 million (equivalent to approximately HK\$170.9 million**), representing an average selling price of approximately RMB1,878.2 per square meter in terms of total site area. Pursuant to the terms of the relevant Land Transfer Contract, the deposit balance of RMB40.7 million already paid for participating in the action would be used for the full settlement of the consideration. The Company has settled the above deposit

for the Land from its internal resources and also intends to settle the remaining balance of the consideration of RMB94.9 million (equivalent to approximately HK\$119.6 million**) by utilizing its internal resources.

The consideration for the Acquisition of the Land was arrived at as a result of successful bid by Baoji Bao Feng in the auction (listing-for-sale) process. The bid submitted by Baoji Bao Feng for the Land in aggregate was RMB135.6 million (equivalent to approximately HK\$170.9 million**). In deciding to bid at that price, Baoji Bao Feng 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 Baoji Land Reserve Centre, 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 Baoji city, Shaanxi Province. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Baoji Land Reserve Centre and the ultimate beneficial owner(s) of Baoji Land Reserve Centre, are third parties independent of the Company and connected persons of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors believe that the Acquisition represents a good opportunity to repurchase an old property of the Company, where the Baoji Plant was situated, at a reasonable price. Upon completion of the auction and the Land Transfer Contract, 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 two plots of land with an aggregate area of approximately 406.921 Mu (or approximately 271,280.7 square metres) under the First Acquisition Agreements, for investment purpose as it continues to evaluate the Group's future business development and expansion plans in Shaanxi province. As at the date hereof, the Group has not drawn up any concrete development or construction plan for the Land or the two plots of land under the First Acquisition Agreements.

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 Confirmation Agreement and the Land Transfer Contract was signed within 12 months of the First Acquisition Agreements and both acquisitions involve the acquisition by the Group for parts of the Baoji Land and are entered into with the same party being Baoji Land Reserve Centre, 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 Baoji Bao Feng under the auction (listing-for sale) process
“Baoji Bao Feng”	Baoji Bao Feng Property Investment Limited* (寶雞寶豐置業有限公司), a PRC incorporated company and a wholly owned subsidiary of the Company
“Baoji Ding Feng”	Baoji Ding Feng Property Investment Limited* (寶雞鼎豐置業有限公司), a PRC incorporated company and a wholly owned subsidiary of the Company
“Baoji Fufeng”	Baoji Fufeng Biotechnologies Company Limited* (寶雞阜豐生物科技有限公司), a PRC incorporated company and a wholly owned subsidiary of the Company
“Baoji Land Reserve Centre”	Baoji High-Technology Development Zone Land Reserve Centre* (寶雞高新技術產業開發區土地儲備中心)
“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
“Confirmation Agreement”	the confirmation agreement (成交確認書) entered into between the Baoji Land Reserve Centre and Baoji Bao Feng dated 10 December 2014 in relation to the results of the bid made by Baoji Bao Feng for the land use right in respect of the Land
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“First Acquisition Agreements”	the confirmation agreements (成交確認書) entered into between the Baoji Land Reserve Centre and Baoji Ding Feng dated 12 October 2014 in relation to the results of the bid made by Baoji Ding Feng for the land use right in respect of the two plots of land with an aggregate area of approximately 406.921 Mu (or approximately 271,280.7 square metres) which forms part of the Baoji Land where the Baoji Plant of the Company used to be situated for a consideration of RMB509.4 million (equivalent to approximately HK\$641.8 million**)
“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
“Land”	One plot of land with an aggregate area of approximately 108.3 Mu (or approximately 72,196.7 square metres) situated at Gao Xin Jiu Road, East Area, Baoji High-Technology Development Zone, Baoji City, Shaanxi Province, PRC
“Land Transfer Contract”	contract entered into between the Baoji Land Reserve centre and Baoji Bao Feng dated 10 December 2014, for the transfer of land use right of the Land which is a state-owned construction land (國有建設用地使用權出讓合同) in respect of the land use rights of the Land to be entered into between the Baoji Land Reserve Centre as transferor and Baoji Bao Feng as transferee for a consideration of RMB135.6 million (equivalent to approximately HK\$170.9 million**)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Local Government”	local government of Baoji City, Shaanxi Province, the PRC
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the legal currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
Fufeng Group Limited
Li Xuechun
Chairman

Hong Kong, 10 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.