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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)

SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO A DISCLOSEABLE TRANSACTION

Reference is made to the announcement (the “**Announcement**”) dated 1 August 2018 in relation to the disposal of interest in two wholly owned subsidiaries holding property interests in Shaanxi province. Unless otherwise defined, all capitalised terms used herein shall have the same meaning as those defined in the Announcements.

THE SUPPLEMENTAL AGREEMENTS

Pursuant to the First Disposal Agreement and Second Disposal Agreement, second installment consideration payment of RMB253.5 million and RMB60.2 million respectively (the “**Second Installments**”) shall be payable by the Purchasers on or before 1 November 2018 and upon which, 17.5% of equity interest of the Target Companies shall be transferred to Purchasers.

On 17 December 2018, after the trading hours of the Stock Exchange, the Vendor, an indirect wholly owned subsidiary of the Company, and the Purchasers entered into the supplemental agreements (the “**Supplemental Agreements**”) to the Disposal Agreements, pursuant to which the parties agree to extend the deadline for the full payment of the Second Installments as follows:

- (i) In relation to the second installment consideration of RMB253.5 million under the First Disposal Agreement, (a) RMB20 million shall be payable by the Purchasers in cash on or before 31 December 2018; and (b) RMB233.5 million together with the relevant interest shall be payable by the Purchasers in cash on or before 31 January 2019 subject to a grace period of 20 calendar days should payment is not received by such deadline. Upon receipt of RMB20 million, 1.5% equity interest of Baoji Ding Feng will be transferred to the Purchasers and the remaining 16.0% equity interest of Baoji Ding Feng shall be transferred to the Purchasers upon receipt of RMB233.5 million together with relevant interest;

- (ii) In relation to the second installment consideration of RMB60.2 million under the Second Disposal Agreement, the full amount shall be settled in cash on or before 31 January 2019 subject to a grace period of 20 calendar days should payment is not received by such deadline, together with the relevant interest by the Purchasers and upon receipt of RMB60.2 million, 17.5% equity interest of Baoji Bao Feng will be transferred to the Purchasers; and
- (iii) Interest payable is calculated (a) at the interest rate of 8% per annum for a period between 1 November 2018 and 10 November 2018; and (b) at the interest rate of 11% per annum for a period between 11 November 2018 and 31 January 2019 for the relevant consideration of the Second Installments to be settled.

Save and except for the aforesaid amendments, all other major terms and conditions of the Disposal Agreements dated 1 August 2018 remain unchanged.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENTS

The terms of the Supplemental Agreements were agreed between the Vendor and the Purchasers after arm's length negotiations after the Purchasers informed the Vendor that additional time is required for the payment of the Second Installments due to internal funding arrangement.

The Directors are of the view that given (i) the total first installment consideration payment of RMB627.3 million for the 35.0% equity interests of the Target Companies under the Disposal Agreements have already been received by the Vendor, and that further equity interests of the Target Companies would only be transferred to the Purchasers upon receipt of further consideration payment, therefore safeguarding the interests of the Company; (ii) the Purchasers agreed to pay compensation on the outstanding Second Installments amount as set out above, the Directors consider that the terms of the Supplemental Agreements are fair and reasonable and is therefore in the interests of the Company and the Shareholders as a whole.

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

Hong Kong, 17 December 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. Xu Zheng Hong and Ms. Zheng Yu.