

**[For Immediate Release]**



**Fufeng announces 2015 interim results**  
**Revenue remained stable and net profit increased by 50.5%**  
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**Amino acid segment profitability enhanced due to MSG price increase and strong sales of threonine and high-end amino acid products**

**Financial Highlights**

<b>Six months ended June 30</b>	<b>2015 (RMB Million)</b>	<b>2014 (RMB Million)</b>	<b>Change</b>
<b>Revenue</b>	5,631.5	5,707.6	-1.3%
<b>Operating Profit</b>	707.2	530.2	+33.4%
<b>Profit Attributable to Shareholders</b>	413.5	274.7	+50.5%

[August 31, 2015 - Hong Kong] The world's largest monosodium glutamate ("MSG") and xanthan gum producer, Fufeng Group Limited ("Fufeng" or the "Company", together with its subsidiaries, the "Group"; stock code: 546) today announces its unaudited interim results for the six months ended 30 June 2015 ("Period under review").

China and the global economy remained relatively challenging in the first half of 2015. As the industry leader, the Group continued to consolidate its leadership position in the market and enhance its pricing power. In addition, the Group spent considerable effort in developing high value fermentation products in order to diversify its revenue stream, enhance profitability and provide impetus for the long term sustainable growth of the Group.

Turnover remained stable at approximately RMB5,631.5 million (1H 2014: RMB5,707.6 million). The slight decrease in revenue was primarily caused by the decrease in the average selling price ("ASP") of xanthan gum, which was offset by the increase in the ASP of threonine and MSG.

Gross profit of the Group increased by 0.9% to about RMB1,036.8 million, primarily due to the increase in gross profit contribution of the sales of MSG, threonine and high-end amino acid products, which were partially offset by the decrease in gross profit margin of sales of xanthan gum.

Profit attributable to the Shareholders increased by 50.5% to about RMB413.5 million, primarily due to a one-off gain on disposal of a subsidiary, Junan North City Property Company Limited, after income tax amounting to RMB137.5 million, while our operating results remained fairly stable in the first half of 2015 as compared to the same period in 2014. Basic and diluted earnings per share ("EPS") for the first half of 2015 were HK24.84 cents and HK23.52 cents, respectively (1H 2014: HK16.58 cents and HK16.05 cents). The Board of Directors has recommended an interim dividend of HK4.5 cents per share (1H2014: HK3 cents).

The Group's products are organised into two business segments, namely Amino acid segment and Xanthan gum segment. Amino acid segment includes MSG, fertilisers, starch sweeteners, threonine, high-end amino acid products and other related products while Xanthan gum segment represents the production and sale of xanthan gum.

### **Amino acid segment**

Revenue generated from the sales of the Amino acid segment products increased to approximately RMB5,072.5 million in the first half of 2015, representing an increase of RMB42.1 million or 0.8%, as compared with that in the corresponding period of 2014. This was mainly attributed to the increase in revenue of high-end amino acid products, threonine and starch sweeteners.

The Group maintained its market leadership in the MSG business through increased marketing efforts and competitive pricing. While the ASP increased about 11.9%, from approximately RMB6,181 per tonne in the first half of 2014 to approximately RMB6,919 per tonne in the first half of 2015, turnover of MSG in the first half of 2015 decreased by about 0.9%, mainly due to a sales volume decrease of 11.6% compared to the first half of 2014, to approximately 440,281 tonnes.

Revenue of threonine increased by about 38.0% in the first half of 2015 as compared to the same period in 2014, primarily as a result of significantly increased ASP of threonine. ASP of threonine increased by about 34.2% to approximately RMB11,665 per tonne in the first half of 2015 from approximately RMB8,693 per tonne in the first half of 2014. Sales volume of threonine was approximately 27,955 tonnes in the first half of 2015.

Sales of high-end amino acid products increased to approximately RMB235.9 million in the first half of 2015 as compared to approximately RMB146.2 million in the first half of 2014.

The increasing ASP of threonine and MSG and an increase in revenue contribution from high-end amino acid products, which have a higher gross profit margin, resulted in an increase in the overall gross profit margin of the Amino acid segment. Gross profit increased

to RMB796.5 million (1H2014: RMB650.9 million) and gross profit margin increased by 2.8 percentage points to 15.7%.

### **Xanthan Gum Segment**

Revenue generated from xanthan gum decreased by about 17.5% to RMB559.0 million in the first half of 2015, from RMB677.2 million in the first half of 2014. The decrease in revenue was due to the decrease in ASP of xanthan gum during the period.

Gross profit of the Xanthan gum segment decreased by about 36.2% from approximately RMB376.8 million in the first half of 2014 to approximately RMB240.3 million in the first half of 2015. Gross profit margin decreased by 12.6 percentage points to about 43.0% in the first half of 2015, in the midst of stiffer competition amongst Chinese competitors as well as the challenging conditions in the oil industry.

Regarding the future prospects and development strategies, Mr. Li Xuechun, Chairman of Fufeng said, "The Group will further develop and enhance the scale and scope of its specialty gum products, hyaluronic acid and high-end amino acid products in order to become a more strategically important player in the health and wellness industry, and through that process enhances sales and overall profit mix of the Group. Only by continuously upgrading our product quality and expanding our product range can we transform gradually from a traditional commodity enterprise towards a modern, high-tech and high value-added supplier of biochemical products."

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### **About Fufeng Group Limited**

Fufeng is the world's largest producer of MSG and xanthan gum. The main productions are MSG, xanthan gum, threonine, high-end amino acids products and specialty gum products as well as other corn refined products. For more information, please visit our website [www.fufeng-group.com](http://www.fufeng-group.com)

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