

[Release Immediately]



Fufeng announces its 2012 interim results

**Revenue soared about 45.2% to approx. RMB 5,539.9 million
Achieved economies of scale, Attained benefits of diversified products**

Financial Highlights

Six months ended June 30	2012 (RMB Million)	2011 (RMB Million)	Change
Revenue	5,539.9	3,815.1	45.2%
Gross Profit	824.8	828.4	(0.4%)
Gross Profit Margin	14.9%	21.7%	(6.8ppts.)
Profit Attributable to Shareholders	274.3	420.2	(34.7%)
Return on Equity (ROE) *	14.9%	25.0%	(10.1ppts.)
Basic Earnings per Share (HK cents)	19.58	29.40	(33.4%)
Diluted Earnings per Share (HK cents)	19.50	27.73	(29.7%)
Dividend per Share (HK cents)	-	10	N/A

* On an annual basis

【August 14, 2012 — Hong Kong】 - Fufeng Group Limited ('Fufeng' or 'the Company', a Chinese leading biochemical enterprise, together with its subsidiaries referred to as 'the Group' [HKEx:0546]) today announces the unaudited interim results for the six months ended June 30 2012 ('Period under review').

In the period under review, confronted with unfavorable factors including industry consolidation, domestic macro-control measures, the European debt crisis and poor consumer confidence, the Group expanded market share and consolidated its leading market position by expanding production capacity, controlling cost and developing diversified products. The Group further leveraged its economies of scale and enhanced its competitiveness. Sales, production volume and market share hit record high. Revenue of the Group soared about 45.2% to approximately RMB 5,539.9 million. However, the swift increase in production cost and the decrease in MSG selling prices aimed at accelerating industry consolidation more than offset the increase in overall sales volumes. Gross profit margin dropped about 6.8ppts. to approximately 14.9%. Profit attributable to shareholders slid approximately 34.7% to approximately RMB 274.3 million. Earnings per share were HK19.5 cents. The board did not recommend the payment of an interim dividend for the six months ended 30 June 2012.

MSG Segment

In the first half of 2012, the revenue and sales volume of the MSG segment increased by about 53.0% and about 65.8% to approximately RMB 3,394.7 million and approximately 460,000 tonnes respectively. The sales volume exceeded 50% of the 2012 sales volume target of 900,000 tonnes. The sales of fertilisers and corn refined products grew more than 50%. The MSG annual production capacity of the Group reached over 1,000,000 tonnes with the Phase 2 of Hulunbeir Plant coming on line in March 2012. The objective of reaching 1,000,000 tonnes of production capacity was met, making the Group the definite leading producer in the industry. Economies of scale were further expanded enhancing cost efficiency.

Currently, the demand and supply of MSG is reaching equilibrium with some sluggish production capacities and companies having become obsolete. The industry consolidation that has lasted for one and a half year long has basically come to an end. Starting from July, MSG price has rebounded slightly. With a relatively stable competition in the MSG industry going forward, the operating environment should improve significantly.

Xanthan Gum Segment

Despite the weak global economy, the sales volume of xanthan gum increased approximately 25.2% to approximately 26,971 tonnes and the average selling price surged to approximately RMB 18,501 per tonne compared to the same period in 2011. Gross profit margin increased by approximately 2.0ppts. in the first half of 2012, reflecting the increasing demand as well as the Group's competitive cost advantage in Inner Mongolian Plant. During the period, exports contributed to approximately 87.6% of sales. (1H 2011: 88.1%)

It is expected that the current under supply situation will last until the second half of 2012, keeping the selling price high. The Group will timely capture the market opportunities and adjust the selling price accordingly and enhance the efficiency of its product mix by promoting the sales of edible xanthan gum at higher selling price. Meanwhile, the Xinjiang Plant is expected to commence operation this year and the Group's annual production capacity will then exceed 50,000 tonnes. The Group is working to develop new customers and expand its sales network and districts.

Amino Acid Segment

The amino acid business has become the third largest product of the Group and the production and sales of threonine has started. Threonine is a type of amino acid widely used as animal feed additives for pigs, chicken, prawns, eels, and others. In the first half of 2012, the Group sold 7,742 tonnes of threonine. The Group plans to extend its business scope to other related products based on the current threonine business foundation. The short-term goal of the Group is to become one of the world's top three producers and suppliers by market share in three to five such amino acid products.

Future Plan

Build a new Xinjiang base and develop healthcare and medical use amino acids

On top of expanding and consolidating its leadership in existing products, the Group is building a new base to produce different types amino acid in Xinjiang Urumqi, which will commence operation in Q4 2012. The amino acids produced will be mainly sold as raw materials for healthcare products and intermediate materials for bio-medical products. The Group will be able to exploit the abundant resources and geographical advantage of Xinjiang to meet the increasing demand for healthcare and bio-medical products. The new products will enhance the product mix and enable the Company rely less on any single product. The strategy will help shift the Group's focus from production and sales of traditional commodity-type amino acids for bulk transactions to the development of high-end biochemical products. The Group will become an industry leader providing diversified biochemical products.

Overseas market expansion

In the first half of 2012, the Group increased its efforts on promoting its business in the Middle East, Europe, Africa and South America. MSG product exports increased significantly by 41.1% to approximately RMB360 million. In the second half of 2012, the Group will continue to develop its foreign MSG markets actively through its sales branches and offices. The objective is to provide customers with better after-sale services, improve customer relationships as well as increase customer reliability.

Mr. Li Xuechun, chairman of Fufeng Group said, 'Despite major challenges from the domestic and global economies and the pressure from rising raw materials costs, the Group will answer these challenges continue to lead the industry consolidation and work to successfully eliminate excess capacity in the MSG industry by leveraging its economies of scale and cost efficiency. With the expected industry consolidation and further market share expansion, we believe the overall operating efficiency of the Group will be enhanced in the second half of 2012. The Group will further stabilize its gross profit margin by shifting its future operating focus from expanding production capacity and sales volume to increasing the selling prices as well as improving efficiency. At the same time, to grow steadily in the future, the Group will increase its competitiveness and further consolidate its leading market position through developing new types of high-margin amino acid products, strengthening its sales effort, reducing cost and developing new markets. We are confident that the Group's long-term development strategy can bring sustainable returns to our shareholders.'

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Fufeng Group Limited

Fufeng implements the fermentation technology to produce biochemical products. It is the largest producer and supplier of MSG and xanthan gum products in the world. The Group major products include MSG, xanthan gum, fertilisers, corn refined products, starch sweeteners and amino acid products. If further information is needed, please visit the company website www.fufeng-group.com.

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