

[For Immediate Release]



Fufeng Group Limited To Issue RMB 820 million Convertible Bonds For the Development and Expansion of its Product Capacity

26 March 2010, Hong Kong - Fufeng Group Limited ("Fufeng" or "the Company", together with its subsidiaries collectively known as "the Group"; stock code: 546), a leading vertically integrated manufacturer of corn-based biochemical products in China, has today announced the issue of convertible bonds with an aggregate principal amount of RMB 820.0 million (the "Bonds") to international investors ("Purchasers"). Citigroup Global Markets Limited and ABN AMRO Bank N.V., Hong Kong Branch (to be renamed The Royal Bank of Scotland N.V., Hong Kong Branch in due course) acted as joint lead managers in the transaction. The Company has granted to the Joint Lead Managers an option (the "Option") to subscribe for all or any of the Option Bonds up to a further aggregate principal amount of RMB205.0 million (equivalent to approximately US\$30.0 million), and the Option shall be exercisable on one or more occasions, in whole or in part, solely at the discretion of the Joint Lead Managers and subject to the consent of the Company, at any time on or before the 30th day following the Closing Date. The proceeds from the issue of the Bonds will be used for funding capital expenditure in connection with the expansion of the Company's operations and financing possible acquisitions should suitable opportunities arise in the future and for general corporate and working capital purposes.

On 25 March 2010, the Company and the Purchasers entered into a purchase agreement pursuant to which the Company agreed to issue RMB 820.0 million convertible bonds to the Purchasers. The Bonds can be converted into the Company's shares ("Shares") any time on or after 12 May 2010 up to the close of business on 22 March 2015 at an initial conversion price of HK\$ 7.03 per Share, which represents a premium of approximately 20.0 per cent over the closing price of the Shares as of 25 March 2010.

Based on the initial Conversion Price of HK\$ 7.03 and assuming full conversion of the Bonds (assuming the Option Bonds are issued in full) at the initial Conversion Price, the Bonds will be convertible into 165,742,524 Shares, representing approximately 9.98% of the issued share capital of the Company as at the date of this announcement and approximately 9.08% of the issued share capital of the Company, as enlarged. The New Shares will be allotted and issued pursuant to the general mandate of the Company granted to the Directors at the annual general meeting held on 28 April 2009.

The Bonds saw strong participation from more than 40 international investors with significant demand coming from top tier global outright/long and hedge fund accounts. The final book was over 2.5x subscribed at the base deal size, a signal of the investor community's support for Fufeng's expansion plans and growth prospects. The majority of the deal was allocated to top global outright money managers including top European pension funds.

The Company is planning to further expand production capacity through the construction of new production plants as well as upgrading existing production lines. Fufeng plans to set up a fourth production plant in Inner Mongolia, which is expected to have an annual production capacity of 200,000 tonnes of MSG. In addition, the Company will also enhance its current Inner Mongolia plant by constructing an additional 80,000 tonnes of synthetic ammonia production capacity, a new heat-power generation plant and railway siding facilities, and 5,000 tonnes of fructose production capacity. Given the Company's established logistical management systems and the advantageous location of the new plant, the Company believes it will be well positioned to take advantage of an abundant supply of corn, coal and chemical materials required for its production processes, as well as to effectively reduce production and transportation costs and expand its market share.

Fufeng's Chairman, Mr. Li Xuechun, said, "Support from the Chinese Government has given rise to strong growth in demand for corn-based biochemical products, including MSG. The Group will continue to pursue its strategy of vertical integration, and extend glutamic acid production to downstream MSG production, thereby ensuring operations of MSG and glutamic acid production are at their full capacity. The proceeds from the issue of Bonds will provide financial support to our production capacity expansion plans as well as enhance our liquidity profile and strengthen our balance sheet."

About Fufeng Group Limited

Fufeng is one of the leading vertically integrated manufacturers of corn-based biochemical products primarily utilising fermentation technology in China, and is primarily engaged in the production and sale of MSG, glutamic acid and xanthan gum products. The Company's MSG segment includes the production and sale of MSG, glutamic acid, fertilisers, corn refined products and starch sweeteners. Fufeng is one of the largest glutamic acid/MSG suppliers, and one of the leading xanthan gum manufacturers in the world. For more details, please visit the Company website: www.fufeng-group.com,

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