

[For Immediate Release]



Fufeng announces 2017 interim results
Turnover increased 12.7% to RMB6.2 billion
Profit attributable to shareholders grew 83.4% to RMB643 million
Dividend payout ratio increased to about 30%

Threonine and high-end amino acid products became the new growth driver

Financial Highlights

Six months ended June 30	2017 (RMB Million)	2016 (RMB Million)	Change
Turnover	6,210.6	5,512.5	+12.7%
Gross Profit	1,401.6	1,064.1	+31.7%
Profit Attributable to Shareholders	642.6	350.4	+83.4%

[August 22, 2017 - 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 2017 ("Period under review").

Riding on the stabilised market conditions since 2016, along with the state's reformation of corn purchasing and storage policy, the Group was able to benefit from these important development opportunities in the first half of 2017. As the industry leader, the Group managed to achieve strong results in its core business and also further consolidated its leadership in the market.

During the period, turnover increased to approximately RMB6,210.6 million (1H 2016: RMB5,512.5 million) which represents an increase of 12.7%. The increase in revenue was primarily due to (1) the increase in annual production capacity by means of newly enhanced production technology, and (2) the increase in the sales of threonine, high- end amino acid products and xanthan gum.

Gross profit of the Group increased significantly by 31.7%, to about RMB1,401.6 million. Gross profit of the Amino acid segment and Xanthan gum segment increased by 29.2% and 87.0% to about RMB1,314.4 million and RMB87.2 million, respectively. Compared to the first half of 2016, the Group benefited from a decrease in the price of corn kernels and its

enhanced production technology, which further strengthened its competitive cost advantages. In addition, the Group achieved robust performance of high-end amino acid products and threonine.

During the period, Profit attributable to the Shareholders increased by 83.4% to about RMB642.6 million. Earnings per Share – basic and diluted for the first half of 2017 were HK32.24 cents and HK32.18 cents, respectively (1H 2016: HK19.28 cents and HK18.43 cents). The Board of Directors has recommended an interim dividend of HK8.8 cents per share (1H2016: HK3.8 cents). Dividend payout ratio increased to about 30%.

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 Amino acid segment increased to about RMB5,878.6 million, representing an increase of 12.8%, as compared with that in the corresponding period of 2016, mainly attributed to the increase in the revenue of threonine and high-end amino acid products.

The revenue of MSG was stable primarily due to the effect of an increase in the sales volume of MSG, offset by the effect of a decrease in ASP during the period. The sales volume of MSG was about 547,672 tonnes in the first half of 2017, representing an increase of 7.7% as compared with the corresponding period of 2016, mainly due to the production technology enhancement which increased production yield. ASP of MSG was approximately RMB5,475 per tonne, representing a decrease of 9.1% as compared with the corresponding period of 2016. Turnover of MSG decreased by 2.2% to about RMB2,998.0 million in the first half of 2017.

The Group continued to widen its product mix and diversity, such as animal nutrition and high-end amino acid products. Increasing gross profit contribution from threonine and high-end amino acid products, which have higher gross profit margins, resulted in an increase in the overall gross profit margin of the Amino acid segment. Gross profit increased to about RMB1,314.4 million and gross profit margin increased by 2.9 percentage points to 22.4% for the six months ended 30 June 2017.

Xanthan Gum Segment

The global market demand for xanthan gum returned to stability in the first half of 2017. However, the global economy is still weak, especially the oil industry, which has continuously impacted the contribution of xanthan gum business to the Group.

Revenue generated from xanthan gum increased by 10.9% to RMB332.0 million in the first half of 2017. The increase in revenue was due to the increases in the ASP and sales volume during the period. Gross profit of the xanthan gum segment increased by about 87.0% to approximately RMB87.2 million in the first half of 2017. Gross profit margin increased by 10.7 percentage points, reflecting the general pricing of xanthan gum and the oil industry returning to stability.

Future Prospects

Regarding the future prospects and development strategies, Mr. Li Xuechun, Chairman of Fufeng said, "The Group is constructing a new corn processing project in Qiqihar City, Heilongjiang Province. The first phase of the new plant is expected to be completed by the end of 2017. We will further enhance our competitive strengths in the global amino acid market and develop more amino acid products. We will speed up our development pace to tap the animal nutrition market such as lysine, with an aim to increase the proportion of high value-added products. We will sustain the development of animal nutrition and food additive businesses of the Group."

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About Fufeng Group Limited

Fufeng is the world's largest producer of MSG and xanthan gum. The main productions are food additives, animal nutrition, colloid and high-end amino acids products. For more information, please visit our website www.fufeng-group.com

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