

FUFENG GROUP LTD.
IT IS ALWAYS NICE TO BE ABLE TO SPOT A WINNER

TARGET () notes that, for a change, a company, transacting just about all of its business in the People's Republic of China (PRC) and which went public in the Hongkong Special Administrative Region (HKSAR) of the PRC after its books had closed for the 2006 Financial Year, ended December 31, 2006, its Management was able to forecast, almost exactly, what would be the most-likely Net Profit Attributable to Shareholders for the Year, just ended.

This is unlike many other corporate entities, domiciled in the PRC and/or doing most, or all, of their various businesses in the PRC, proper, as opposed to the HKSAR of the PRC, following the pitching of their **Initial Public Offerings** (IPO) on The Stock Exchange of Hongkong Ltd after their books had closed for the 2006-Year, which astound investors with an increase in their Bottom Lines – which is, totally, unreal.

It is, to **TARGET**'s thinking, completely unbelievable and absolutely unacceptable that senior management of a company, issuing its IPO prospectus, does not have a fairly clear picture of the likely financial results for the Year, just ended, especially when that Year ended 3 months prior!

When one is brought up to believe that an IPO prospectus is accurate in all details and that there are no glaring omissions, such shenanigans are somewhat disappointing, to say the least.

Since the HKSAR Authorities do not appear to give a fig for such glaring omissions in prospectuses, especially with regard to PRC, Government-controlled entities, far be it for this medium to criticise.

(Anyway, it might not be healthy to so do.)

In the case of Fufeng Group Ltd () (Code: 546, Main Board, The Stock Exchange of Hongkong Ltd), senior Management got its sums absolutely correct.

Full marks!

Fufeng Group Ltd went public on the Main Board of The Stock Exchange of Hongkong Ltd on January 25, 2007, and, at Page 221 of its Prospectus, it is stated, inter alia:

'The Directors estimated that, in the absence of unforeseen circumstances and on the bases (sic) set out in Appendix III of this prospectus, the estimated consolidated profit attributable to shareholders of the Company for the year ended 31 December 2006 will not be less than RMB240.0 million (equivalent to HK\$240.0 million) ...'.

On April 24, 2007, the Chairman of Fufeng Group Ltd, Mr Li Xue Chun (), in his Statement to Shareholders for the Financial Year, ended December 31, 2006, said, inter alia:

'During the year under review, the Group's turnover surged 37.9% to RMB1,787 million compared with 2005. Profit attributable to shareholders amounted to RMB240 million which has met the profit estimate as set out in our prospectus, representing an increase of 1.8% year-on-year. Earnings per share was (sic) was RMB20 cents.'

Now, the business of this Company is in the manufacture of corn-based, biochemical products and more than 95 percent of its products are sold in the PRC, proper.

Clearly, senior Management of Fufeng Group Ltd has its finger on the pulse of its business – as should any

and all well-managed companies.

This is in variance with the managements of those other companies, which pitched their IPOs in the HKSAR, saying one thing (or omitting to state) about profits for their Years, which ended some months prior to the issuance of their IPO prospectuses, only to report huge increases in their Bottom Lines, within a few short months of their listings on the Main Board of The Stock Exchange of Hongkong Ltd.

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