FUXING CHINA GROUP LIMITED (THE "COMPANY")
(Incorporated in Bermuda)
(Company Registration No.: 38973)

PROPOSED ACQUISITION AND DEVELOPMENT OF LAND PARCEL

1. INTRODUCTION & BACKGROUND

1.1 The Board of Directors of the Company (the "Directors") hereby announces that the Company intends to acquire a plot of commercial land in Xiamen, People's Republic of China ("PRC") (思明区03-07观音山片区台东路与台南路交叉口东北侧) ("Target Land Parcel") for the future development of office building(s) and premises to accommodate the Company's administrative operations and serve as the headquarters of the Company and its subsidiaries ("Group"). The Company will also have the option to lease out any additional premises which are in excess of their own needs and requirements.

1.2 The Target Land Parcel comprises entirely of state-owned land and has a land area of approximately 5,237.905 square metres (with a maximum gross building area of 33,970 square metres).

2. PURCHASE ARRANGEMENTS WITH THE GROUP'S CHAIRMAN AND CEO, MR HONG QING LIANG

2.1 The Target Land Parcel was sold directly by the local PRC government via an open tender process. The Executive Chairman and CEO of the Company, Mr Hong Qing Liang ("Mr Hong") had, on behalf of the Company, submitted a tender price of around RMB 160.7 million for the Target Land Parcel and successfully secured the purchase of the Target Land Parcel. Based on current preliminary estimations, the construction and development cost for the Target Land Parcel will be in the region of RMB 250 million.

2.2 Based on the aforesaid tendered purchase price for the Target Land Parcel (RMB 160.7 million) and the estimated costs of development and construction thereon (estimated to be RMB 250 million), the 20% threshold under Rule 1006(c) of the Listing Manual will be exceeded (compared with the Company's market capitalization of around RMB 697.2 million) (please refer to paragraph 5 below for further information in this regard). As such, both the proposed acquisition of the Target Land Parcel AND the construction and development thereon ("Proposed Land Purchase and Development") will be subject to the requisite approvals from the SGX-ST and the Company's shareholders in a general meeting.

2.3 Pending the Company obtaining the aforesaid requisite approvals for the Proposed Land Acquisition and Development from the SGX-ST and its shareholders in a general meeting, and in order to secure the bid for the Target Land Parcel, Mr Hong has agreed to assist in facilitating the entire proposed acquisition the Target Land Parcel, and pursuant thereto, has agreed with the Company as follows:

a. Out of the approximately RMB 160.7 million tender price submitted to successfully secure the purchase of the Target Land Parcel, Mr Hong had personally contributed approximately RMB 110.7 million thereof;

b. the Company had on or about 26 April 2011 contributed the remaining RMB 50 million of the tender price, such payment having been made directly to the local PRC government;

c. the said RMB 50 million was paid as a refundable deposit pending the Company obtaining the requisite approvals from the SGX-ST and its shareholders at a general meeting, and Mr Hong will, in return, procure and ensure that upon the Company obtaining the aforesaid requisite approvals, the relevant land ownership title will be issued or registered directly in the name of the Company;

d. in the event that the aforesaid requisite approvals are obtained, the Company shall reimburse Mr Hong the approximately RMB 110.7 million (without interests) paid by him towards part of the tender price;

e. in the event that the aforesaid requisite approvals are not obtained for any reason, Mr Hong shall return the Company the RMB 50 million deposit plus interests based on the then prevailing PRC banks' rates and all costs incurred by the Company in respect of this entire exercise, and the Company/Mr Hong shall procure that the relevant land ownership title be issued or registered in the name of Mr Hong or his nominee or any third party Mr Hong may direct.

2.4 It is agreed between the Company and Mr Hong that the latter shall not gain any benefit from the aforesaid arrangements.

2.5 The Company and Mr Hong shall execute an agreement shortly to record the aforesaid terms. Further announcements in this regard will be made in due course.

3. RATIONALE FOR THE PROPOSED LAND ACQUISITION AND DEVELOPMENT

The Company is of the view that the Proposed Land Acquisition and Development is beneficial to the Group for the following reasons:

a. Many well-known local brands in the sportswear industry are located in that area in Xiamen where the Target Land Parcel is located. Examples of the Group's customers who have their offices there include Septwolves Sports, Anta Sports, Qi Pai, Deerway Sports, Xtep Sports. As such, the establishment of the Group's headquarters in that area would raise and enhance the standing of the Company in the eyes of its customers and suppliers.

b. With the prevalent increase of property prices in the PRC, the Directors believe that the proposed acquisition of the Target Land Parcel at the current juncture can negate and hedge against future increment in property prices.

c. As a listed entity, an operational HQ in Xiamen is a strategic move for the Group. It will facilitate business relationship with overseas and local customers, as well as interactions

with its diverse shareholder base from Singapore and the region. It will raise the Group's brand and profile as Xiamen is a well-known commercial city in the PRC.

4. FINANCIAL EFFECTS

The pro forma financial effects of the Proposed Land Purchase and Development on the Company and its subsidiaries (the "**Group**") are purely for illustrative purposes only and do not reflect the actual future financial position of the Company following the Completion of the Proposed Land Purchase and Development. The pro forma financial effects in this section are based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2010, and subject to the following assumptions:

(a) the Proposed Land Purchase and Development had been effected on (i) 31 December 2010 for the purpose of the financial effects on the net tangible assets ("**NTA**") and (ii) 1 January 2010 for the purpose of the financial effects on earnings per share ("**EPS**");

(b) the proposed construction and development on the Target Land Parcel is currently estimated to be around RMB 250 million

NTA

The pro forma financial effects of the Proposed Land Purchase and Development on the NTA of the Group as at 31 December 2010, assuming that the Proposed Land Purchase and Development had been effected as at 31 December 2010 is as follows:

	NTA (RMB'000)	**NTA per Share (RMB)**
Before adjusting for the Proposed Land Purchase and Development	1,079,243	1.2545
After adjusting for the Proposed Land Purchase and Development	1,079,243	1.2545

EPS

The pro forma financial effects of the Proposed Land Purchase and Development on the EPS of the Group for FY2010, assuming that the Proposed Land Purchase and Development had been effected as at 1 January 2010 are as follows:

	Before adjusting for the Proposed Land Purchase and Development	**After adjusting for the Proposed Land Purchase and Development**
Net profit after tax (RMB '000)	71,597	71,597

Weighted average number of Shares during FY2010 ('000)		
- for basic EPS computation	831,237	831,237
- for diluted EPS computation	862,099	862,099
Basic EPS (RMB cents)	8.6	8.6
Diluted EPS (RMB cents)	8.3	8.3

Gearing

	Before Proposed Land Purchase and Development	**After Proposed Land Purchase and Development**
Total Debt[(1)] (RMB '000)	79,456	179,456
Total Equity (RMB '000)	1,145,187	1,145,187
Debt to Equity Ratio	6.9%	15.7%

Note:

(1) Assuming that Company seeks bank financing of RMB 100 million of the total construction and development costs (while the rest are financed via internal funds) with interest costs of 6% pa, translating into a total financing costs of RMB 6 million which is capitalised as development costs during the development period.

The Proposed Land Purchase and Development will have no impact on the share capital of the Group as no new shares of the Company will be issued in relation to the Proposed Land Purchase and Development.

5. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006(a)	
The net asset value of the assets to be disposed of compared with the Group's net asset value	Not Applicable
Rule 1006(b)	

The net profits[1] attributable to the assets acquired or disposed of compared with the Group's net profits	Not Applicable[2]
Rule 1006(c)	
The aggregate value of the consideration given or received compared (based on aggregate estimated land purchase costs and development costs of RMB 400 million) with the issuer's market capitalisation of around RMB 697.0 million as at 26 April 2011 (being the date of the payment of part of the tender price by the Company) (based on an exchange rate of S$1.00:RMB 5.2286)	57.4%
Rule 1006(d)	
The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not Applicable

Notes:

(1) Under Rule 1002(3)(b), "net profits" means profit or loss before income tax, minority interests and extraordinary items.

(2) The subject matter relates to the Proposed Land Purchase and Development in respect of the Target Land Parcel.

Since the relative figure for Rule 1006(c) exceeds 20% in respect of the Proposed Land Purchase and Development, the latter is regarded as a major transaction pursuant to Rule 1013 of the Listing Manual. Accordingly, the Proposed Land Purchase and Development is conditional upon the approval of the Shareholders in a general meeting.

6. INTEREST OF DIRECTORS AND CONTROLLING SHAREHODLERS

Save for their shareholdings in the Company and save as disclosed above, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Land Purchase and Development.

7. SERVICE CONTRACT

No new service contract will be executed as no director will be appointed to the Company in connection with the Proposed Land Purchase and Development.

8. CIRCULAR

A circular containing further details of the Proposed Land Purchase and Development and enclosing the notice of special general meeting to be convened in connection therewith will be despatched by the Company to Shareholders in due course.

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Chairman and CEO
13 May 2011