FUXING CHINA GROUP LIMITED (THE "COMPANY")

(Incorporated in Bermuda)
(Company Registration No.: 38973)

PROPOSED DISPOSAL OF INVESTMENT PROPERTIES IN HONG KONG FOR CASH

1 INTRODUCTION

The board of directors of the Company (the "**Board**") is pleased to announce that Fook Hing Group Trading Co., Ltd. ("**Fook Hing**"), a wholly-owned subsidiary of the Company has entered into:

(a) a provisional agreement for sale and purchase dated 8 March 2012 with Great Chance Hong Kong Investment Ltd., to dispose of the Company's investment property located in Room 1601, 16 Floor of Tower II, Enterprise Square No. 9 Sheung Yuet Road, Kowloon (the "**Investment Property Room 1601**") to Great Chance Hong Kong Investment Ltd.;

(b) a provisional agreement for sale and purchase dated 8 March 2012 with Everbright Fortune Ltd., to dispose of the Company's investment property located in Room 1602, 16 Floor of Tower II, Enterprise Square No. 9 Sheung Yuet Road, Kowloon (the "**Investment Property Room 1602**") to Everbright Fortune Ltd;

(c) a provisional agreement for sale and purchase dated 8 March 2012 with Golden Once Corporation Ltd., to dispose of the Company's investment property located in Rooms 1603-1605, 16 Floor of Tower II, Enterprise Square No. 9 Sheung Yuet Road, Kowloon (the "**Investment Property Rooms 1603-1605**") to Golden Once Corporation Ltd.,; and

(d) a provisional agreement for sale and purchase dated 8 March 2012 with Special Hunter Ltd., to dispose of the Company's investment property located in Room 1606, 16 Floor of Tower II, Enterprise Square No. 9 Sheung Yuet Road, Kowloon (the "**Investment Property Room 1606**") to Special Hunter Ltd. ,

(the aforesaid agreements collectively the "**Provisional S&P Agreements**", the aforesaid properties collectively the "**Investment Properties**", the aforesaid purchasers collectively the "**Purchasers**", and the aforesaid transactions collectively the "**Proposed Disposal**").

2 RATIONALE FOR PROPOSED DISPOSAL

The Board is of the view that the Proposed Disposal would be beneficial for and in the interest of the Company and its subsidiaries (the "**Group**") for the following reasons:

(a) The Board is of the view that the respective selling prices of the Investment Properties are reasonably attractive in view of the current uncertainties in the global economy and Hong Kong real estate market has hence decided to seize the opportunity to divest the Investment Properties.

(b) The resultant cash proceeds from the Proposed Disposal (when completed) would enable the Group to (i) support the development of the proposed new headquarter in Xiamen, China and (ii) strengthen the Group's cash position and thereby allowing it to develop and expand its core businesses. Please refer to paragraph 7 of this announcement for details of the use of proceeds arising from the Proposed Disposal.

3 THE PROPOSED DISPOSAL

3.1 Principal Terms and Salient Features of the Proposed Disposal

(1) Disposal Consideration

The aggregate consideration for the Proposed Disposal amounts to HK$73,309,600 (equivalent to RMB59,556,719 based on the currency exchange rate of HK$1 to RMB0.8124 or S$11,890,817 based on the based on the currency exchange of HK$1 to S$0.1622) (the "**Disposal Consideration**"), and will be settled in cash by the Purchasers upon the legal completion of the Proposed Disposal. The details of the Investment Properties and the consideration for the same are set out in the table below.

Property	**Usage**	**Gross Floor Area (square feet)**	**Unit Price (HK$/ per square feet)**	**Initial Deposit Paid by the Purchaser on 8 March 2012 (HK$)**	**Further Deposit Paid by the Purchaser on 22 March 2012 (HK$)**	**Consideration (HK$)**
Property Room 1601	Office	2,580	5,744	1,000,000	482,000	14,820,000
Property Room 1602	Office	3,080	5,200	1,000,000	601,600	16,016,000
Property Rooms 1603-1605	Office	3,950	5,200	1,000,000	1,054,000	20,540,000
Property Room 1606	Office	4,218	5,200	1,000,000	1,193,360	21,933,600
			Total:	4,000,000	3,330,960	73,309,600

(2) Salient Terms of the Provisional S&P Agreements

The salient terms of the Provisional S&P Agreements comprise, *amongst others*, the following:

(i) A total deposit of HK$7,330,960 representing 10% of the Disposal Consideration has been paid by the Purchasers on 8 March 2012 and 22 March 2012; the balance of the Disposal Consideration shall be payable on Completion Date (as defined below).

(ii) Completion Date: 7 September 2012.

(iii) Upon legal completion of the Proposed Disposal, the Purchasers shall purchase the Investment Properties subject to any existing tenancies.

(iv) If the Purchasers fail to complete the acquisition in accordance with the Provisional S&P Agreements, the aforesaid 10% deposit shall be forfeited by the Purchasers and Fook Hing shall then be entitled at its absolute discretion to sell the Investment Properties to other parties;

(v) If Fook Hing fails to complete the sales in accordance with the Provisional S&P Agreements, Fook Hing shall compensate the Purchasers a sum equivalent to twice the aforesaid initial deposit together with the reimbursement of stamp duty paid for the Investment Properties.

(3) The final sale and purchase agreements for each of the Investment Properties will be executed on or before 7 September 2012.

3.2 The Proposed Disposal as a Major Transaction

The Disposal Consideration amounts to HK$73,309,600 was arrived at on a willing buyer willing seller basis and was determined based on the market value of HK$75,000,000 (as at 31 December 2011) of the Investment Properties as valued by Jones Lang LaSalle Limited in their report dated 14 January 2012 (the "**Valuation Report**").

Based on the unaudited financial statements of the Group for FY2011 announced on 29 February 2012, the relative figures of the Proposed Disposal computed on the bases set out in Rule 1006(a) to (d) of the Listing Manual of the SGX-ST are as follows:

Rule 1006	**Bases**	**Relative Figures**
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	5.30%
(b)	Net profits[(1)] before tax and minority interest attributable to the assets to be disposed of, compared with the Group's net profits	-3.73%

(c)	Aggregate value of the consideration to be received, compared with the Company's market capitalisation on 29 March 2012, being the market day preceding the date of the Provisional S&P Agreements.	25.14%(2)
(d)	Number of equity securities issued by the Company 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) This represents the Consideration as a percentage of the Company's market capitalisation of RMB236.9 million on 29 March 2011 (based on an exchange rate of S$1.00: RMB 5.0077).

As the Proposed Disposal falls within certain of the relevant thresholds under Chapter 10 (Acquisitions and Realisations) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") which require approval of shareholders of the Company (the "**Shareholders**'), the Proposed Disposal is accordingly conditional upon the grant of the requisite approval by Shareholders for the Proposed Disposal to be obtained at an special general meeting of the Company to be convened in due course.

4 FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The pro forma financial effects of the Proposed Disposal on the Company's consolidated net tangible assets ("**NTA**"), consolidated Earnings Per Share ("**EPS**") and gearing ratio are set out below, and have been prepared on the basis that the Proposed Disposal had taken place:

(a) for the purpose of the balance sheet, as at 31 December 2011, being the date to which the latest full year audited financial statements of the Company were made up; and

(b) for the purpose of the profit and loss account, from 1 January 2011 being the start of the latest audited financial year.

The pro forma financial effects of the Proposed Disposal on the consolidated NTA and consolidated EPS of the Company are purely for illustrative purposes only. The financial effects stated below are neither indicative of the actual financial effects of the Proposed Disposal on the consolidated NTA and consolidated EPS of the Company, nor are they indicative of the financial performance of the Company for the financial year ending 31 December 2011 ("**FY2011**").

(1) Share Capital

As at the date of this announcement, the issued share capital of the Company is S$152.8 million comprising 874,158,000 Shares. The Proposed Disposal will have no impact on the issued and paid-up share capital of the Company.

(2) EPS

The pro forma financial effects of the Proposed Disposal on the earnings per share of the Company for FY2011, assuming that the Propose Disposal had been effected as at 31 December 2011 are as follows:-

	Before the Proposed Disposal	After the Proposed Disposal
Net profit after tax (S$ '000)	4,120	4,120
Weighted average number of shares ('000)	860,272	860,272
Earnings per Share (S$ cents)	0.5	0.5

(3) NTA

The pro forma financial effects of the Proposed Disposal on the NTA of the Company as at 31 December 2011, assuming that the Acquisition had been effected as at 31 December 2011 are as follows:-

	Before adjusting for the Proposed Disposal	After adjusting for the Proposed Disposal
NTA (S$'000)	831,388	830,058
NTA per share (S$ cents)	0.97	0.96

(4) Gearing

The pro forma financial effects of the Proposed Disposal on the gearing of the Company for FY2011, assuming that the Proposed Disposal had been effected as at 31 December 2011 are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Total Debt (S$ '000)	74,091	49,801
Total Equity (S$ '000)	1,122,875	1,121,545
Debt to Equity Ratio	0.07	0.04

5 Book Value

The net book value ("**NBV**") of the Investment Properties is approximately HK$75 million (equivalent to S$12.5 million based on the currency exchange of HK$1 to S$0.1665) based on marked-to-market valuation. The aggregate gross Disposal Consideration proceeds of HK$73,309,600 (equivalent to S$11,890,817 based on the currency exchange of HK$1 to S$0.1622) represents a deficit to the NBV of the Investment Properties of HK$1,690,400 (equivalent to S$274,183 based on the currency exchange of HK$1 to S$0.1622).

6 GAINS ON THE PROPOSED DISPOSAL

The purchase price of the Investment Properties was HK$52,000,000 (equivalent to RMB45,760,000 based on the currency exchange of HK$1 to 0.88 or equivalent to S$9,854,000 based on the currency exchange of HK$1 to S$0.1895) when the Group purchased the same in 2009. The Disposal Consideration of HK$73,309,600 (equivalent to RMB59,556,719 based on the currency exchange rate of HK$1 to RMB0.8124 or equivalent to S$11,890,817 based on the currency exchange rate of HK$1 to S$0.1622) will result in a gross gain on disposal of HK$21,309,600 (equivalent to RMB17,311,919 based on the currency exchange rate of HK$1 to RMB0.8124 or equivalent to approximately S$3,456,417 based on the currency exchange of HK$1 to S$0.1622) for the Group.

7 USE OF PROCEEDS

While the Board is still considering and finalising the specific uses for the proceeds arising from the Proposed Disposal, the Company may use the said proceeds for the development of headquarter in Xiamen, China and expansion of existing core businesses. Pending their determined uses, the proceeds may be deployed to meet the working capital requirements of the Group and the associated companies.

The Board will announce the specific uses for the proceeds arising from the Proposed Disposal as and when appropriate.

8 INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal (other than through their respective shareholding interests in the Company).

No Directors are proposed to be appointed to the Company in connection with the Proposed Disposal.

9 CIRCULAR AND DOCUMENTS AVAILABLE FOR INSPECTION

The circular to Shareholders of the Company containing further information on the Proposed Disposal and other related matters, and enclosing the notice of the special general meeting of the Company to be convened to seek the approval of Shareholders for the Proposed Disposal, will be despatched by the Company to Shareholders in due course.

The copies of the Provisional S&P Agreements and the Valuation Report will be made available for inspection during normal business hours at registered office of the Company for three (3) months from the date of this announcement.

10 CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares. There is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Disposal and other matters contemplated by this announcement. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Director and CEO
30 March 2012