FUXING CHINA GROUP LIMITED (THE "COMPANY")

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

PROPOSED DISPOSAL OF INVESTMENT PROPERTY IN HONG KONG FOR CASH

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1 INTRODUCTION

The board of directors of the Company (the "**Board**") refers to the announcements dated 1 October 2012 and 4 October 2012 ("**Earlier Announcements**") regarding the proposed disposal of the Company and its subsidiaries (the "**Group**") investment property in Hong Kong. Further thereto, the Board wishes to update and inform shareholders that Fook Hing Group Trading Co., Ltd. ("**Fook Hing**"), a wholly-owned subsidiary of the Company has entered into a provisional agreement for sale and purchase dated 27 January 2013 (the "**Provisional S&P Agreement**") with Strong King Limited (the "**Purchaser**") to dispose of the Company's investment property comprising the entire 16 Floor of Tower II, Enterprise Square No. 9 Sheung Yuet Road, Kowloon (the "**Investment Property**") to the Purchaser (the "**Proposed Disposal**"). The Investment Property is currently rented out as office premises and occupies a total floor area of approximately 14,098 square metres. The Proposed Disposal was brokered by a licensed property agent in Hong Kong, Midland Realty (Comm.) Ltd.

2 RATIONALE FOR PROPOSED DISPOSAL

2.1 As disclosed in the Earlier Announcements, the proposed disposal of the Investment Property was aborted in October 2012. Since then, the market value of commercial properties in Hong Kong has risen. The Company is now able to secure a higher selling price for the Investment Property and has decided to seize the opportunity to divest the Investment Property.

2.2 The resultant cash proceeds from the Proposed Disposal (when completed) would enable the Group to support the development of the proposed new headquarter in Xiamen, China. 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) <u>Disposal Consideration</u>

The consideration for the Proposed Disposal is HK$102,915,400 (equivalent to RMB82,579,000 based on the currency exchange rate of HK$1 to RMB0.8024 or S$16,446,000 based on the based on the currency exchange of HK$1 to S$0.1598) (the "**Disposal Consideration**"), and will be settled in cash by the Purchasers upon the legal completion of the Proposed Disposal.

The Purchaser has paid an initial deposit of HK$5,000,000. A further deposit of HK$5,291,540 will be paid on 6 February 2013 when the formal sale and purchase agreement for the Proposed Disposal is signed. The remaining amount of HK$92,623,860 will be paid on the date of legal completion, being 28 November 2013.

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

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

(i) The Investment Property will be sold and transferred to the Purchaser on an as-is basis as one entire single unit. The Purchaser will *amongst others* not raise any objections to the existing sub-division works on the premises of the Investment Property or otherwise cite the existing sub-division works as a reason for not completing the Proposed Disposal. The Purchaser has further agreed that Fook Hing will not be required to reinstate the premises of the Investment Property.

(ii) Completion Date: 28 November 2013.

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

(iv) Fook Hing shall on the aforesaid completion date pay to the Purchaser all rental deposits and rental pre-payment (if any) collected by Fook Hing.

(v) All ad valorem stamp duty in respect of the Proposed Disposal shall be solely borne by the Purchaser.

(vi) Each party shall bear its own legal costs.

(3) The formal sale and purchase agreement for the Investment Property will be executed on or before 6 February 2013.

3.2 The Proposed Disposal as a Major Transaction

The Disposal Consideration amounts to HK102,915,400 was arrived at on a willing buyer willing seller basis, taking into account on the market value of HK$98,000,000 (as at 31 December 2012) of the Investment Property as valued by Jones Lang LaSalle Limited in their report dated 3 January 2013 (the "**Valuation Report**").

Based on the unaudited financial statements of the Group for the financial period ended 30 September 2012 as announced on 12 November 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	7.6%
(b)	Net profits/(losses)[(1)] before tax and minority interest attributable to the assets to be disposed of, compared with the Group's net profits	(1.7)%
(c)	Aggregate value of the consideration to be received, compared with the Company's market capitalisation on 25 January 2013, being the market day preceding the date of the Provisional S&P Agreement.	34.1%[(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. The Group's net losses were approximately RMB25,494,000 for the period ended 30 September 2012 ("9M2012") and the aggregate net profits attributable to the Investment Properties were approximately RMB436,850 for 9M2012 which was computed as follows:-

	HK$	RMB
Rental income:	1,539,351.52	1,274,415.27
Related expenses:		
Mortgage loan interest	(450,731.00)	(373,156.14)
Cleaning fee	(9,360.00)	(7,749.06)
Repairs and maintenance	(11,900.00)	(9,851.90)
Management fee	(407,715.00)	(337,543.58)
Rent and rates	(131,980.00)	(109,265.05)
Net profit	527,665.52	436,849.54

(2) This represents the Consideration as a percentage of the Company's market capitalisation of RMB241,931,198 on 28 January 2013 (based on an exchange rate of S$1.00: RMB 5.0219).

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 ended 31 December 2011 ("**FY2011**").

The Company will provide an update on the financial effects of the Proposed Disposal based on the financial year ended 31 December 2012 after the financial results in respect thereto have been released.

(1) Share Capital

As at the date of this announcement, the issued share capital of the Company is S$241,931,198 comprising 860,272,000 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 Proposed Disposal had been effected as at 31 December 2011 are as follows:-

	Before the Proposed Disposal	After the Proposed Disposal
Net profit after tax (RMB '000)	4,120	26,519
Weighted average number of shares ('000)	860,272	860,272
Earnings per Share (RMB cents)	0.5	3.1

(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 Proposed Disposal had been effected as at 31 December 2011 are as follows:-

	Before adjusting for the Proposed Disposal	After adjusting for the Proposed Disposal
NTA (RMB'000)	831,388	853,787
NTA per share (RMB cents)	0.97	0.99

(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 (RMB '000)	74,091	49,801
Total Equity (RMB '000)	1,122,875	1,145,274
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[(1)] million) as at 31 December 2011. The Disposal Consideration of HK$102,915,400 (equivalent to S$82,579,000[(1)]) represents an excess over the NBV of the Investment Properties of HK$27,915,400 (equivalent to S$4,461,000[(1)]).

Note:

(1) Based on the currency exchange rate of HK$1 to S$0.1598 as at 28 January 2013

6 GAINS ON THE PROPOSED DISPOSAL

The purchase price of the Investment Properties was HK$52,000,000 (equivalent to RMB45,760,000[(1)] or equivalent to S$9,854,000[(2)]) when the Group purchased the same in 2009. The Disposal Consideration of HK$102,915,400 (equivalent to RMB82,579,000[(3)] or equivalent to S$16,446,000[(4)]) will result in a gross gain on disposal of HK$50,291,540 (equivalent to RMB40,354,000[(3)] or equivalent to approximately S$8,037,000[(4)]) for the Group.

Notes:

(1) Based on the currency exchange rate of HK$1 to RMB0.88 as at 19 May 2009
(2) Based on the currency exchange rate of HK$1 to S$0.1895 as at 19 May 2009
(3) Based on the currency exchange rate of HK$1 to RMB0.8024 as at 28 January 2013
(4) Based on the currency exchange rate of HK$1 to S$0.1598 as at 28 January 2013

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. Pending their determined uses, the proceeds may be deployed to meet the working capital requirements of the Group and the associated companies. Further information on the use of proceeds will be set out in the circular to shareholders of the Company in respect of the Proposed Disposal to be despatched by the Company in due course.

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.

The Purchaser is a third party who is not related to any of the Directors and controlling Shareholders of the Company.

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.

Copies of the Provisional S&P Agreement and the Valuation Report will be made available for inspection during normal business hours at the Singapore 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
29 January 2013