ADDENDUM DATED 10 APRIL 2015

THIS ADDENDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about this Addendum or the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser, or other professional adviser immediately.

This Addendum is circulated to shareholders of FUXING CHINA GROUP LIMITED (the "**Company**") together with the Company's Annual Report. Its purpose is to provide Shareholders with the relevant information relating to, and seek Shareholders' approval for the renewal of the Share Purchase Mandate (hereinafter defined) and the Proposed Share Consolidation (hereinafter defined) to be tabled at the Annual General Meeting to be held at **FTSE Room, 9th Floor, Capital Tower. 168 Robinson Road, Singapore 068912** on **Tuesday, 28 April 2015** at **9.30 a.m.**.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Addendum.

福兴集团
FUXING GROUP

FUXING CHINA GROUP LIMITED

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

ADDENDUM

IN RELATION TO THE DETAILS OF

(1) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

(2) THE PROPOSED SHARE CONSOLIDATION

CONTENTS

		Page
DEFINITIONS		3
LETTER TO SHAREHOLDERS		
1	INTRODUCTION	6
2.	THE PROPOSED SHARE PURCHASE MANDATE	7
3.	DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	17
4.	THE PROPOSED SHARE CONSOLIDATION	19
5.	DIRECTORS' RECOMMENDATION	24
6.	DIRECTORS' RESPONSIBILITY STATEMENT	24
7.	DOCUMENTS FOR INSPECTION	24

DEFINITIONS

In this Addendum, the following definitions apply throughout except where the context otherwise requires:

"2008 Circular"	:	The circular sent to Shareholders dated 15 October 2008
"2008 SGM"	:	The special general meeting of the Company held on 31 October 2008
"2015 AGM"	:	The annual general meeting of the Company to be held on 28 April 2015
"Act" or ***"Companies Act"***	:	The Companies Act 1981 of Bermuda
"Annual Report"	:	The annual report of the Company for FY2014
"Average Closing Price"	:	Has the meaning ascribed to it in Clause 2.2.4 of this Addendum
"Board"	:	The Board of Directors of the Company
"Books Closure Date"	:	Has the meaning ascribed to it in Clause 1.2 of this Addendum
"Bye-laws"	:	The current bye-laws of the Company
"CDP"	:	The Central Depository (Pte) Limited
"Company"	:	Fuxing China Group Limited, a company incorporated in Bermuda
"Consolidated Share"	:	Has the meaning ascribed to it in Clause 4.1 of this Addendum
"Date of the making of the offer"	:	Has the meaning ascribed to it in Clause 2.2.4 of this Addendum
"Directors"	:	The Directors of the Company as at the date of this Addendum
"Effective Trading Date"	:	Has the meaning ascribed to it in Clause 4.5 of this Addendum
"EPS"	:	Earnings per Share
"FY"	:	Financial year ended or ending on 31 December of the relevant year
"Group"	:	The Company and its subsidiaries
"Highest Last Dealt Price"	:	Has the meaning ascribed to it in Clause 2.2.4 of this Addendum
"Latest Practicable Date"	:	The latest practicable date prior to the printing of this Addendum, being 1 April 2015
"Listing Manual"	:	The listing manual of the SGX-ST as amended, supplemented or modified from time to time

"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Market Purchase"	:	Has the meaning ascribed to it in Clause 2.2.3(a) of this Addendum
"Maximum Price"	:	Has the meaning ascribed to it in Clause 2.2.4 of this Addendum
"Memorandum"	:	The Memorandum of Association of the Company
"New Share Certificates"	:	Has the meaning ascribed to it in Clause 4.5(a) of this Addendum
"NTA"	:	Net tangible assets
"Old Share Certificates"	:	Has the meaning ascribed to it in Clause 4.5(a) of this Addendum
"Off-Market Purchase"	:	Has the meaning ascribed to it in Clause 2.2.3(b) of this Addendum
"Proposals"	:	The Proposed Share Consolidation and the proposed renewal of the Share Purchase Mandate
"Proposed Share Consolidation"	:	The proposed share consolidation of fifty (50) shares in the capital of the Company held by Shareholders of the Company as at a books closure date to be determined, into one (1) consolidated share in the capital of the Company, fractional entitlements to be disregarded
"ROE"	:	Return on equity
"Securities Account"	:	Has the meaning ascribed to it in Clause 4.5(a) of this Addendum
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Share Purchase"	:	The purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate
"Share Purchase Mandate"	:	A general and unconditional mandate given by Shareholders (including the subsequent renewal thereof if approved by Shareholders) that authorises the Directors to purchase or acquire Shares in accordance with the terms set out in this Addendum as well as the rules and regulations set forth in the Companies Act and the Listing Manual
"Shareholders"	:	Persons who are registered as holders of Shares in the register of members of the Company
"Share Registrar"	:	Boardroom Corporate & Advisory Services Pte Ltd
"Shares"	:	Ordinary shares in the share capital of the Company
"Substantial Shareholder"	:	A person who has an interest in not less than 5% of the issued voting shares of the Company

"Take-over Code" or "Code"	:	The Singapore Code on Take-overs and Mergers
"S$", "$" and "cents"	:	Singapore dollars and cents, respectively
"%"	:	Per centum or percentage

The expressions "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the respective meanings ascribed to them in Section 130A of the Companies Act, Chapter 50 of Singapore.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and the neuter genders and *vice versa*. Words importing persons shall include corporations.

The headings in this Addendum are inserted for convenience only and shall be ignored in construing this Addendum.

Any reference in this Addendum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the Listing Manual or any modification thereof and used in this Addendum shall, where applicable, have the meaning assigned to it under the Companies Act or the Listing Manual or any modification thereof, as the case may be.

Any reference to a time of day in this Addendum shall be a reference to Singapore time unless otherwise stated.

Any discrepancy with the tables in this Addendum between the listed amounts and the totals thereof is due to rounding.

FUXING CHINA GROUP LIMITED

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

Directors:

Hong Qing Liang, Executive Chairman and *CEO*
Hong Peng You, *Executive Director*
Hong Shui Ku, *Executive Director*
Ho Kah Leong, *Lead Independent Director*
Lim Cheng Kee, *Independent Director*
Qiu Qing Yuan, *Independent Director*

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

10 April 2015

To: The Shareholders of Fuxing China Group Limited

Dear Sir/Madam

(1) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (THE "SHARE PURCHASE MANDATE"); AND

(2) THE PROPOSED SHARE CONSOLIDATION OF FIFTY (50) SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, INTO ONE (1) CONSOLIDATED SHARE IN THE CAPITAL OF THE COMPANY, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE "PROPOSED SHARE CONSOLIDATION").

(COLLECTIVELY THE "PROPOSALS")

1. INTRODUCTION

1.1 The Share Purchase Mandate

At the special general meeting of Fuxing China Group Limited (the "**Company**") held on 31 October 2008 ("**2008 SGM**"), the shareholders of the Company ("**Shareholders**") had approved the proposed share purchase mandate ("**Share Purchase Mandate**") to enable the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**"). The rationale for, the authority and limitations on, and the financial effects of the Share Purchase Mandate were set out in the Company's Circular to Shareholders dated 15 October 2008 ("**2008 Circular**") and Ordinary Resolution 1 set out in the Notice of the 2008 SGM.

At the annual general meeting of the Company held on 24 April 2009, 29 April 2010, 29 April 2011, 27 April 2012, 26 April 2013 and 29 April 2014, the Shareholders had renewed the Share Purchase Mandate.

The Share Purchase Mandate will expire on the date of the forthcoming annual general meeting which will be held on 28 April 2015 ("**2015 AGM**"). Accordingly, the directors of the Company (the "**Directors**") propose to seek Shareholders' approval for the renewal of the Share Purchase Mandate at the 2015 AGM, to take effect until the conclusion of next annual general meeting.

The Company has not undertaken any purchase or acquisition of Shares pursuant to the Share Purchase Mandate approved by Shareholders from the annual general meeting held on 29 April 2014 up to 1 April 2015 (the "**Latest Practicable Date**").

More details on the proposed renewal of the Share Purchase Mandate are set out in paragraph 2 of this Circular.

The proposed renewal of the Share Purchase Mandate is set out in Ordinary Resolution No. 8 under the heading "As Special Business" in the Notice of the 2015 AGM.

1.2 **The Proposed Share Consolidation**

On 13 March 2015, the Directors announced that the Company is proposing to seek Shareholders' approval to undertake a Share Consolidation of every fifty (50) existing Shares at a date and time to be determined by the Directors ("**Books Closure Date**") as they deem fit in their absolute discretion into one (1) Consolidated share, fractional entitlements to be disregarded. The Proposed Share Consolidation is subject to, *inter alia*:-

(a) the receipt of the in-principle approval from the SGX-ST; and

(b) the approval of the Shareholders by way of an ordinary resolution at the 2015 AGM.

More details on the Proposed Share Consolidation are set out in paragraph 4 of this Circular.

The resolution to approve the Proposed Share Consolidation is set out in Ordinary Resolution No. 9 under the heading "As Special Business" in the Notice of the 2015 AGM.

1.3 **SGX-ST**

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Addendum.

The purpose of this Addendum is to provide Shareholders with the relevant information pertaining to the aforesaid Proposals to be tabled at the 2015 AGM and seek Shareholders' approval for the resolutions relating to the same as set out in the Notice of the 2015 AGM.

2. THE PROPOSED SHARE PURCHASE MANDATE

2.1 **Rationale for Share Purchase Mandate**

As previously stated on page 5 of the 2008 Circular, the rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

(a) In managing the business of the Group, the management will strive to increase Shareholders' value by improving, *inter alia*, the return on equity ("**ROE**") of the Company. In addition to growth and expansion of the business, share purchases may be considered as one of the ways through which the ROE of the Company may be enhanced.

(b) In line with international practice, the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner.

(c) The Share Purchase Mandate will provide the Company with the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

(d) Share purchases may help mitigate short-term market volatility, offset the effects of short-term speculation and bolster shareholder confidence.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the said 10% limit during the duration referred to in paragraph 2.2.2 *(Duration of Authority)* below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised. In particular, no purchases or acquisitions of Shares pursuant to the Share Purchase Mandate would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Purchase Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

2.2 **Authority and Limits on the Share Purchase Mandate**

The authority and limitations placed on share purchases or acquisitions of Shares by the Company under the proposed Share Purchase Mandate are summarised below:

2.2.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the issued share capital of the Company (ascertained as at the date of the forthcoming 2015 AGM at which the Share Purchase Mandate is approved). Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit. As at the Latest Practicable Date, the Company has 13,886,000 treasury shares.

For illustrative purposes only, on the basis of 860,272,000 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the 2015 AGM, not more than 86,027,200 Shares (representing 10% of the issued share capital of the Company as at that date, excluding all treasury shares) may be purchased by the Company pursuant to the proposed Share Purchase Mandate during the duration referred to in paragraph 2.2.2 *(Duration of Authority)* below.

2.2.2 Duration of Authority

Purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate may be made, at any time and from time to time, on and from the date of the 2015 AGM, at which the Share Purchase Mandate is approved, up to the earlier of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the date by which the next annual general meeting is required to be held;

(c) the date on which the purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate are carried out to the full extent mandated; or

(d) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting.

The authority conferred on the Directors by the Share Purchase Mandate to purchase Shares may be renewed at the next annual general meeting or a special general meeting to be convened immediately after the conclusion or adjournment of the next annual general meeting. When seeking the approval of the Shareholders for the renewal of the Share Purchase Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate made during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

2.2.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchase(s) ("**Market Purchase**"), transacted on the SGX-ST through the ready market, through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or

(b) off-market purchase(s) ("**Off-Market Purchase**") effected pursuant to an equal access scheme.

The Directors may impose such terms and conditions which are consistent with the Share Purchase Mandate, the listing manual of the SGX-ST (the "**Listing Manual**") and the Companies Act 1981 of Bermuda ("**Act**"), as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to the Listing Manual, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will have to issue an offer document to all Shareholders containing at least the following information:

(1) the terms and conditions of the offer;

(2) the period and procedures for acceptances;

(3) the reasons for the proposed purchase or acquisition of Shares;

(4) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;

(5) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;

(6) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases; and

(7) whether the shares purchased by the Company will be cancelled or kept as treasury shares.

2.2.4 Purchase Price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Purchase Mandate. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price of the Shares,

(the "**Maximum Price**") in either case, excluding related expenses of the share purchase.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a Share for the last 5 market days on which the Shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company and deemed to be adjusted in accordance with the Listing Manual for any corporate action which occurs after the relevant 5 market days.

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the SGX-ST on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase.

"**Date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.3 **Status of Purchased Shares**

Under Bermuda law, a Share purchased or acquired by a Bermuda company is treated as cancelled immediately on purchase or acquisition (and all rights and privileges attached to the share will expire on such cancellation) unless the company is authorised by its memorandum of association or bye-laws to purchase or acquire its own shares to be held as treasury shares and such shares are purchased to be held as treasury shares. If the purchased or acquired shares are cancelled, the amount of the company's issued share capital, but not its authorised share capital, shall be diminished by the nominal value of those shares.

Under the Company's current bye-laws (the "**Bye-Laws**"), the Company is permitted to hold purchased Shares as treasury shares.

2.4 **Treasury Shares**

Under the Act, a company may, if authorised by its memorandum of association or bye-laws, purchase its own shares to be held as treasury shares. Any or all of the shares so purchased may be cancelled (in which event, the company's issued, but not its authorised, capital will be diminished accordingly by the nominal value of those shares) or may be held as treasury shares or may be disposed or transferred by the company for cash or other consideration. Under the laws of Bermuda, if a company holds shares as treasury shares, the company shall be entered in the register of members as the member holding the shares but the company is not permitted to exercise any rights in respect of those shares (including any right to attend and vote at meetings) and no dividend or other distribution (whether in cash or otherwise) shall be paid or made to the company in respect of such shares.

No acquisition by a company of its own shares regardless whether to be held as treasury shares or to be cancelled may be effected if, on the date on which the acquisition is to be effected, there are reasonable grounds for believing that the company is, or after the acquisition would be, unable to pay its liabilities as they become due.

Additionally, a company may not acquire its own shares to be held as treasury shares if, as a result of the acquisition, all of the company's issued shares, other than the shares to be held as treasury, would be non-voting shares.

A company that acquires its own shares to be held as treasury shares may:

(a) hold all or any of the shares;

(b) dispose of or transfer all or any of the shares for cash or other consideration; or

(c) cancel all or any of the shares.

Under the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, and the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage.

2.5 **Reporting Requirements**

The Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the market day following the day on which the Market Purchase was made; and

(b) in the case of an Off-Market Purchase under an equal access scheme, on the second market day after the close of acceptance of the offer for the Off-Market Purchase.

However, Bye-Laws 3(2) requires an announcement to be made on the market day following the day of all purchases or acquisitions of its Shares.

The notification of such purchases or acquisition of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

2.6 **Source of Funds**

The Company may only apply funds for the purchase or acquisition of the Shares as provided in the Bye-Laws and in accordance with the applicable laws in Singapore and Bermuda. The Company may not purchase its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Act permits the Company to purchase or acquire its own Shares out of capital paid up on the purchased Shares, or from funds of the Company which would otherwise be available for dividend or distribution, or out of the proceeds of a fresh issue of shares made for the purpose of the purchase. Apart from using its internal sources of funds, the Company may obtain or incur borrowings to finance its purchase or acquisition of Shares.

2.7 **Financial Effects**

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the net tangible asset ("**NTA**") and earnings per share ("**EPS**") as the resultant effect would depend on, *inter alia,* aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares and the amount (if any) borrowed by the Company to fund the purchases or acquisitions.

The Company's total issued share capital will be diminished by the aggregate nominal value of the Shares purchased by the Company and which are cancelled. The NTA of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

Under the Act, purchases of shares may only be effected out of the capital paid up on the purchased shares or out of the funds of the company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose of the purchase. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of funds of the company otherwise available for dividend or distribution or out of the company's share premium account before the shares are purchased. Any amount due to a shareholder on a purchase by a company of its own shares may (a) be paid in cash; (b) be satisfied by the transfer of any part of the undertaking or property of the company having the same value; or (c) be satisfied partly under (a) and partly under (b). A company may purchase its own shares if authorised to do so by its memorandum of association or bye-laws. Such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding related brokerages, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The proposed Share Purchase Mandate will be exercised with a view of enhancing the EPS and/or the NTA value per share.

For illustrative purposes only, the financial effects of the Share Purchase Mandate on the Company and the Group, based on the audited financial accounts of the Group for the financial year ended 31 December 2014 are based on the assumptions set out below:

(a) based on 860,272,000 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the 2015 AGM, not more than 86,027,200 Shares (representing 10% of the issued share capital as at that date, excluding all treasury shares) may be purchased by the Company pursuant to the proposed Share Purchase Mandate;

(b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 86,027,200 Shares at the Maximum Price of S$0.0116 for one Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the last 5 market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 86,027,200 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S$1.0 million or RMB 4.5[(2)] million; and

(c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 86,027,200 Shares at the Maximum Price of S$0.0144[1] for one Share (being the price equivalent to 20% above the Highest Last Dealt Price), the maximum amount of funds required for the purchase or acquisition of 86,027,200 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S$1.2 million or RMB5.6[2] million.

Notes:

(1) For the purposes of this illustration, the Highest Last Dealt Price is based on the highest price transacted for a Share as recorded on the SGX-ST one day prior to the Latest Practicable Date.

(2) Based on an exchange rate of S$1: RMB4.5274 as at 1 April 2015. *(Source: Bloomberg)*

For illustrative purposes only, and based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that (i) the purchase or acquisition of Shares is financed solely by internal sources of funds; (ii) the Share Purchase Mandate had been effective on 1 January 2014; and (iii) the Company had purchased or acquired 86,027,200 Shares (representing 10% of its issued share capital at the Latest Practicable Date, excluding all treasury shares) on 31 December 2014, the financial effects of the purchase or acquisition of 86,027,200 Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of capital and cancelled or held as treasury shares on the audited financial accounts of the Company and the Group for the financial year ended 31 December 2014 are set out below:

(1) Market Purchases

	Group			Company		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
(RMB'000) As at 31 December 2014	**Audited**	**Purchased Shares cancelled**	**Purchased Shares held as Treasury Shares**	**Audited**	**Purchased Shares cancelled**	**Purchased Shares held as Treasury Shares**
Net profit after tax	10,139	10,139	10,139	15,235	15,235	15,235
Share capital	772,574	768,076	772,574	772,574	768,076	772,574
Treasury Shares	(6,408)	(6,408)	(10,906)	(6,408)	(6,408)	(10,906)
Accumulated profits/(losses)	(15,427)	(15,427)	(15,427)	15,538	15,538	15,538
Reserves	(11,622)	(11,622)	(11,622)	39,573	39,573	39,573
Total equity	739,117	734,619	734,619	821,277	816,779	816,779
NTA	739,103	734,605	734,605	821,277	816,779	816,779
Current assets	772,405	767,907	767,907	483,716	479,218	479,218
Current liabilities	629,322	629,322	629,322	7,292	7,292	7,292
Working capital	143,083	138,585	138,585	476,424	471,926	471,926
Total borrowings	254,291	254,291	254,291	–	–	–
Number of Shares ('000)	860,272	774,245	860,272	860,272	774,245	860,272
Financial Ratios						
NTA per Share (RMB cents)	85.9	94.9	94.9	95.5	105.5	105.5
Gearing (times)	0.34	0.35	0.35	–	–	–
Current ratio (times)	1.2	1.2	1.2	66.3	65.7	65.7
EPS (RMB cents)	1.2	1.3	1.2	1.8	2.0	1.8
ROE (%)	1.4	1.4	1.4	1.9	1.9	1.9

(2) Off-Market Purchases

	Group			Company		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
(RMB'000) As at 31 December 2014	Audited	Purchased Shares cancelled	Purchased Shares held as Treasury Shares	Audited	Purchased Shares cancelled	Purchased Shares held as Treasury Shares
Net profit after tax	10,139	10,139	10,139	15,235	15,235	15,235
Share capital	772,574	766,966	772,574	772,574	766,966	772,574
Treasury Shares	(6,408)	(6,408)	(12,016)	(6,408)	(6,408)	(12,016)
Accumulated profits/(losses)	(15,427)	(15,427)	(15,427)	15,538	15,538	15,538
Reserves	(11,622)	(11,622)	(11,622)	39,573	39,573	39,573
Total equity	739,117	733,509	733,509	821,277	815,669	815,669
NTA	739,103	733,495	733,495	821,277	815,669	815,669
Current assets	772,405	766,797	766,797	483,716	478,108	478,108
Current liabilities	629,322	629,322	629,322	7,292	7,292	7,292
Working capital	143,083	137,475	137,475	476,424	470,816	470,816
Total borrowings	254,291	254,291	254,291	–	–	–
Number of Shares ('000)	860,272	774,245	860,272	860,272	774,245	860,272
Financial Ratios						
NTA per Share (RMB cents)	85.9	94.7	94.7	95.5	105.4	105.4
Gearing (times)	0.34	0.35	0.35	–	–	–
Current ratio (times)	1.2	1.2	1.2	66.3	65.6	65.6
EPS (RMB cents)	1.2	1.3	1.2	1.8	2.0	1.8
ROE (%)	1.4	1.4	1.4	1.9	1.9	1.9

Shareholders should note that the financial effects set out above are purely for illustrative purposes only. Although the proposed Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of its issued share capital, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of its issued share capital. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased as treasury shares.

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the Share Purchase Mandate or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.

2.8 **Take-over Implications**

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.8.1 Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and person acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

2.8.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company.

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely:

(a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;

(b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;

(e) a financial or other professional adviser, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

(f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;

(g) partners; and

(h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.8.3 Effect of Rule 14 and Appendix 2

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring the Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of 6 months.

Under Appendix 2 of the Take-over Code, a Shareholder who is not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company buying back its own Shares, the voting rights of the Shareholder will increase to 30% or more, or, if he holds between 30% and 50% of the Company's voting rights, his voting rights increase by more than 1% in any period of 6 months as a result of the Company buying back its Shares.

Further details of the interests of the Directors and substantial Shareholders of the Company as at the Latest Practicable Date are set out in section 3 of this Circular.

2.9 **Listing Manual**

While the Listing Manual do not expressly prohibit purchase of shares by a listed company during any particular time or times, the listed company would be considered an "insider" in relation to any proposed purchase or acquisition of its issued shares. In this regard, the Company will not purchase any Shares pursuant to the Share Purchase Mandate after a price-sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price-sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases during the following period and at all times in compliance with Rule 1207(19) of the Listing Manual:

(a) 1 month immediately preceding the announcement of the Company's annual results; and

(b) 2 weeks immediately preceding the announcement of the Company's results for each of the first three quarters of its financial year.

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its Shares are in the hands of the public. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the company and its subsidiaries, as well as the associates of such persons.

Based on the register of Directors' shareholdings and the register of substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 292,975,000 Shares representing 34.06% of the issued share capital, are in the hands of the public. Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 206,947,800 Shares, representing 26.73% of the reduced issued share capital of the Company. Accordingly, the Company is of the view that there is a sufficient number of issued share capital held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued share capital up to the full 10% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

2.10 **Shares bought by the Company in the previous 12 months**

The Company has not made any share purchases within the 12 months preceding the date of this Addendum.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

3.1 **Directors' Interests**

As at the Latest Practicable Date, the interests of the Directors as recorded in the Register of Directors' Shareholdings in the Shares before and after the share purchase pursuant to the Share Purchase Mandate, assuming (i) the Company purchases up to the maximum amount of 10% of the issued Shares, and (ii) there is no change in the number of Shares (whether direct or deemed) held by the Directors, are set out below:

	Before the Share Purchase (as at the Latest Practicable date)			After the Share Purchase
	Direct	Deemed	Total Percentage Interest (%)[1]	Total Percentage Interest (%)[1]
	Number of Shares ('000)			
Directors				
Hong Qing Liang	23,432	480,000[2]	58.52	65.02
Hong Peng You	–	10,000[3]	1.16	1.29
Hong Shui Ku	–	10,420[4]	1.21	1.35
Lim Cheng Kee	–	–	–	–
Ho Kah Leong	–	–	–	–
Qiu Qing Yuan	–	–	–	–

Notes:

(1) Based on 860,272,000 Shares before the share purchase and 774,244,800 after the share purchase.

(2) Deemed interest arising from his direct interest in Hong's Holdings Private Limited.

(3) Shares are held through bank nominees.

(4) Shares are held through bank nominees.

3.2 **Substantial Shareholders' Interests**

As at the Latest Practicable Date, the interests of the substantial Shareholders in the Shares as recorded in the register of substantial shareholders before and after the Share Purchase pursuant to the Share Purchase Mandate, assuming (i) the Company purchases up to the maximum amount of 10% of the issued Shares, and (ii) there is no change in the number of Shares (whether direct or deemed) held by the Substantial Shareholders, are set out below:

	Before the Share Purchase (as at the Latest Practicable date)			After the Share Purchase
	Direct	Deemed	Total Percentage Interest (%)[1]	Total Percentage Interest (%)[1]
	Number of Shares ('000)			
Substantial Shareholder				
Hong Qing Liang[2]	23,432	480,000 [2]	58.52	65.02
Hong's Holdings Private Limited[2]	480,000	–	55.80	62.00
Mackenzie Financial Corporation (as trustee) [3] *	43,445	–	5.05	5.61
Mackenzie Inc. [4] *		43,445	5.05	5.61
IGM Financial Inc. [5] *		43,445	5.05	5.61
Power Financial Corporation [6] *		43,445	5.05	5.61
171263 Canada Inc. [7] *		43,445	5.05	5.61
Power Corporation of Canada [8] *		43,445	5.05	5.61
Gelco Enterprises Ltd. [9] *		43,445	5.05	5.61
Nordex Inc. [10] *		43,445	5.05	5.61
Pansolo Holding Inc. [11] *		43,445	5.05	5.61
Jacqueline Desmarais [12]		43,445	5.05	5.61
Paul Desmarais Jr. [13]		43,445	5.05	5.61
Andre Desmarais [14]		43,445	5.05	5.61
Michel Plessis-Belair [15]		43,445	5.05	5.61
Guy Fortin [16]		43,445	5.05	5.61

Notes:

(1) Based on 860,272,000 Shares before the share purchase and 774,244,800 after the share purchase

(2) Mr Hong Qing Liang holds 100% of the shareholdings in Hong's Holdings Private Limited. As such, he is deemed to have an interest in all the shares held by Hong's Holdings Private Limited. Hong's Holdings Private Limited's shares are registered under Morgan Stanley Asia (Singapore) Securities Pte Ltd.

(3) Mackenzie Financial Corporation ("MFC") is the trustee and also the manager of Mackenzie Cundill Emerging Markets Class (the "Fund") which is organised as a unit trust. MFC, as such trustee, holds legal title to, inter alia, the investments held by the Fund.

(4) Mackenzie Inc. is a direct parent company of MFC, which has deemed interests in the Company's shares.

(5) IGM Financial Inc. is an indirect parent company of MFC, which has deemed interests in the Company's shares.

(6) Power Financial Corporation is an indirect parent company of MFC, which has deemed interests in the Company's shares.

(7) 171263 Canada Inc. is an indirect parent company of MFC, which has deemed interests in the Company's shares.

(8) Power Corporation of Canada ("PCC") is an indirect parent company of MFC, which has deemed interests in the Company's shares.

(9) Gelco Enterprises Ltd. is an indirect parent company of MFC, which has deemed interests in the Company's shares.

(10) Nordex Inc. is an indirect parent company of MFC, which has deemed interests in the Company's shares.

(11) Pansolo Holding Inc. controls not less than 20% interest in Nordex Inc. Nordex Inc. is an indirect parent company of MFC, which has deemed interests in the Company's shares.

* All the substantial shareholders are part of the same corporate group of companies.

(12) The Desmarais Family Residuary Trust ("Trust") holds, inter alia, indirect controlling interests in, amongst others, PCC, which is an indirect parent company of MFC, which has deemed interests in the Company's shares. In this connection, Jacqueline Desmarais, who is one of five trustees having sole and exclusive administration of the Trust and has been vested with the joint legal title to the assets of the Trust, and who is also entitled during her lifetime to all of the revenue of the assets under the Trust, has deemed interests in the Company's shares.

(13) The Trust holds, inter alia, indirect controlling interests in, amongst others, PCC, which is an indirect parent company of MFC, which has deemed interests in the Company's shares. In this connection, Paul Desmarais Jr., who is one of five trustees having sole and exclusive administration of the Trust and has been vested with the joint legal title to the assets of the Trust, has deemed interests in the Company's shares.

(14) The Trust holds, inter alia, indirect controlling interests in, amongst others, PCC, which is an indirect parent company of MFC, which has deemed interests in the Company's shares. In this connection, André Desmarais, who is one of five trustees having sole and exclusive administration of the Trust and has been vested with the joint legal title to the assets of the Trust, has deemed interests in the Company's shares.

(15) The Trust holds, inter alia, indirect controlling interests in, amongst others, PCC, which is an indirect parent company of MFC, which has deemed interests in the Company's shares. In this connection, Michel Plessis-Bélair, who is one of five trustees having sole and exclusive administration of the Trust and has been vested with the joint legal title to the assets of the Trust, has deemed interests in the Company's shares.

(16) The Trust holds, inter alia, indirect controlling interests in, amongst others, PCC, which is an indirect parent company of MFC, which has deemed interests in the Company's shares. In this connection, Guy Fortin, who is one of five trustees having sole and exclusive administration of the Trust and has been vested with the joint legal title to the assets of the Trust, has deemed interests in the Company's shares.

4. THE PROPOSED SHARE CONSOLIDATION

4.1 Proposed Share Consolidation

The Company is seeking the approval of Shareholders at the 2015 AGM to undertake the Proposed Share Consolidation pursuant to which the Company will consolidate every fifty (50) existing Shares into one (1) consolidated share (the "**Consolidated Share**"). Accordingly, under the Proposed Share Consolidation, every fifty (50) Shares registered in the name of each Shareholder as at the Books Closure Date will be consolidated into one (1) Consolidated Share.

Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of the Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. As the proceeds of the sale of fractions of a Consolidated Share arising from the Proposed Share Consolidation are likely to be less than the administrative costs and expenses involved in despatching such proceeds to the Shareholders, fractions of a Consolidated Share arising from the Proposed Share Consolidation may be aggregated and sold and the net proceeds retained for the benefit of the Company in accordance with the Bye-Laws of the Company.

Each Consolidated Share shall rank *pari passu* in all respects with the then existing Shares and with each other, and will be traded in board lots of 100 Consolidated Shares. As at the Latest Practicable Date, the Company has an issued share capital of S$152,814,000 divided into 860,272,000 Shares. Following the completion of the Proposed Share Consolidation, the Company will have an issued share capital of S$152,814,000 divided into 17,205,440 Consolidated Shares.

The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment of any Shareholder of any paid-up capital of the Company, and has no effect on the shareholders' funds of the Group.

Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation. Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at the 2015 AGM, Shareholders' holding of the Consolidated Shares arising from the Proposed Share Consolidation will be ascertained on the Books Closure Date.

The Books Closure Date for the Proposed Share Consolidation will be announced at a later date.

4.2 **Rationale for the Proposed Share Consolidation**

For the past six months prior to the Latest Practicable Date, the absolute price of the Shares had traded in a range of between S$0.01 and S$0.035. The highest and lowest market prices for each month, the last transacted price for each month and the transacted volume of the Shares traded on the SGX-ST for each month, for the period from September 2014 to February 2015 and up to the Latest Practicable Date, are as follows:

	Highest (S$)	**Lowest** (S$)	**Last transacted** (S$)	**Volume of traded Shares** ('000)	**Percentage fluctuation between the lowest and highest market price** (%)
October 2014	0.027	0.020	0.025	1,063	35.00
November 2014	0.025	0.020	0.021	744	25.00
December 2014	0.021	0.015	0.016	1,187	40.00
January 2015	0.022	0.016	0.016	599.2	37.5
February 2015	0.019	0.010	0.014	2,293.6	90.0
March 2015	0.015	0.010	0.012	3,941.8	50.0
Up to 1 April 2015, the Latest Practicable Date	–	–	–	–	N.M

Source: SGX-ST website at http://www.sgx.com

For the period from October 2014 to March 2015, the total value of shares traded is $155,955 and the total volume of shares traded is 9,828,600. As such, the actual volume weighted average share price for the six-month period ("**6-month VWAP**") is S$0.0159. Based on the Proposed Share Consolidation, the theoretical adjusted 6-month VWAP will be S$0.793.

The Proposed Share Consolidation would facilitate compliance with the continuing listing requirement imposed by SGX-ST for issuers listed on the SGX Mainboard to have a minimum trading price per share of S$0.20.

The Proposed Share Consolidation will rationalize the share capital of the Company by reducing the number of Shares outstanding, and the trading price per Consolidated Share should theoretically be proportionally higher than the trading price per Share prior to the Proposed Share Consolidation.

Shareholders should note however that there can be no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

4.3 **Financial effects of the Proposed Share Consolidation**

Based on the audited consolidated financial statements of the Group for FY2014 and the number of Shares issued by the Company as at the Latest Practicable Date, the illustrative financial effects of the Proposed Share Consolidation are as follows: -

(a) Share Capital

	As at 31 December 2014	
	No. of Shares	S$ ('000)
Before the Proposed Share Consolidation	860,272,000	152,814
After the Proposed Share Consolidation	17,205,440	152,814

(b) NTA per Share

	As at 31 December 2014	
	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
Group NTA (RMB'000)	739,103	739,103
No. of Shares	860,272,000	17,205,440
NTA per Share (RMB)	0.86	42.96
Company NTA (RMB'000)	821,277	821,277
No. of Shares	860,272,000	17,205,440
NTA per Share (RMB)	0.95	47.73

(c) EPS

	For the financial year ended 31 December 2014	
	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
Profit after taxation attributable to shareholders (RMB'000)	10,139	10,139
Weighted average number of Shares	860,272,000	17,205,440
EPS[1] (RMB cents)	1.2	58.9

Note:

(1) The calculation of EPS is based on the weighted average number of Shares in issue for FY2014.

(d) Gearing

	As at 31 December 2014	
	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
Group Total Borrowings[1] (RMB'000)	254,291	254,291
Net assets (RMB'000)	739,117	739,117
Gearing (times)[2]	0.34	0.34
Company Total Borrowings[1] (RMB'000)	–	–
Net assets (S$'000)	821,277	821,277
Gearing (times)[2]	–	–

Notes:-

(1) Total borrowings comprise long-term borrowings and short-term borrowings.

(2) Gearing is computed as the total of long-term borrowings and short-term borrowings divided by net assets.

4.4 **Conditions of the Proposed Share Consolidation**

The implementation of the Proposed Share Consolidation is subject to, amongst others:-

(a) the receipt of the approval-in-principle from the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares; and

(b) the approval of the Shareholders by way of an ordinary resolution at the 2015 AGM.

The Company had on 1 April 2015 obtained the approval-in-principle from the SGX-ST for the listing and quotation of the Consolidated Shares on SGX-ST subject to, *inter alia,* Shareholders' approval. Such approval is not to be taken as an indication of the merits of the Company, its subsidiaries, the Consolidation Shares or any of the Proposals.

An announcement will be made by the Company to notify Shareholders of the date when the Proposed Share Consolidation will become effective and the date on which the Shares will trade on the SGX-ST in board lots of 100 Consolidated Shares (the "**Effective Trading Date**") as well as the Books Closure Date in due course.

4.5 **Updating of Register of Members and Depository Register**

If the approval of Shareholders to the Proposed Share Consolidation is obtained, the Register of Members of the Company and the Depository Register will be updated to reflect the number of Consolidated Shares held by Shareholders and Depositors based on their shareholdings in the Company as at the Books Closure Date.

(a) **Deposit of Share Certificates with CDP**

Shareholders who hold share certificates for the existing Shares ("**Old Share Certificates**") in their own names and who wish to deposit the same with CDP and have their Consolidated Shares credited to their securities account maintained with CDP ("**Securities Accounts**") must deposit their Old Share Certificates, together with the duly executed instruments of transfer in favour of CDP, no later than 12 market days prior to the Books Closure Date. After the Books Closure Date, CDP will only accept for deposit new share certificates for the Consolidated Shares ("**New Share Certificates**"). Shareholders who wish to deposit their Old Share Certificates with CDP after the Books Closure Date must first deliver such Old Share Certificates to the share registrar of the Company ("**Share Registrar**"), Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, for cancellation and issue of the New Share Certificates in replacement thereof as described below. The New Share Certificates will then be sent by ordinary mail to the registered addresses of the Shareholders at their own risk within 10 market days from the date of receipt of their Old Share Certificates. Upon receipt of the New Share Certificates, Shareholders may then proceed to deposit these New Share Certificates with CDP.

(b) **Issue of New Share Certificates**

Shareholders who have deposited their Old Share Certificates with CDP at least 12 Market Days prior to the Books Closure Date need not take any action. The Company will arrange with CDP to facilitate the exchange of New Share Certificates pursuant to the Proposed Share Consolidation.

Shareholders who have not deposited their Old Share Certificates as aforesaid or who do not wish to deposit their Old Share Certificates with CDP are advised to forward all their Old Share Certificates to the Share Registrar of the Company, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 as soon as possible after they have been notified of the Books Closure Date and preferably, not later than 5 Market Days after the Books Closure Date for cancellation and exchange for New Share Certificates. The New Share Certificates will be sent by ordinary mail to the registered addresses of the Shareholders at their own risk within 10 Market Days from the Books Closure Date or the date of receipt of the Old Share Certificates, whichever is the later.

Shareholders who hold Old Share Certificates are reminded that, as the Company is under a book-entry (scripless) settlement system, after the date on which the Proposed Share Consolidation becomes effective, their Old Share Certificates will no longer be good for settlement of trading in the Shares on the SGX-ST although they will continue to be accepted for cancellation and issue of New Share Certificates in replacement thereof by the Share Registrar and that after such date, the Old Share Certificates will not be valid for delivery pursuant to trades done on the SGX-ST although they will continue to be *prima facie* evidence of legal title.

Shareholders are to deliver their respective Old Share Certificates to the Share Registrar of the Company or CDP in accordance with the provisions set out in this Section 4.5 only after the announcement of the Books Closure Date by the Company.

No receipt will be issued by the Share Registrar of the Company for the receipt of the Old Share Certificates tendered.

Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have been tendered to the Share Registrar of the Company for cancellation.

Please notify the Share Registrar of the Company, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, if you have lost any of your existing Old Share Certificates or if there is any change in your address from that reflected in the Register of Members of the Company.

4.6 **Trading Arrangement for the Shares and for Odd Lots**

(a) **Trading Arrangements for the Shares**

Subject to the approval of the Shareholders for the Proposed Share Consolidation at the EGM, with effect from 9.00 a.m. on the Effective Trading Date, trading in the Shares will be in board lots of 100 Consolidated Shares. Accordingly, 50 existing Shares as at 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date will represent one (1) Consolidated Share with effect from 9.00 a.m. on the Effective Trading Date. Trading in the existing Shares will cease after 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date.

(b) **Trading Arrangement for Odd Lots of Consolidated Shares**

The Shares are currently traded in board lots of 100 Shares in the ready market. Following the Proposed Share Consolidation, the Securities Accounts of Depositors may be credited with odd lots of Consolidated Shares (that is, lots other than board lots of 100 Consolidated Shares). The market for trading odd lots of Consolidated Shares may be illiquid. Depositors who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade such odd lots of Consolidated Shares on the SGX-ST should note that the Company will apply for a temporary trading counter of one (1) Consolidated Share for a period of two (2) month(s), which will allow Shareholders to start trading on the same date that the new Consolidated Shares begin trading.

5. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the Proposals are in the best interests of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of the ordinary resolution relating to the Proposals as set out in the Notice of 2015 AGM.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Addendum and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Addendum constitutes full and true disclosure of all material facts about the Proposals, the issuer and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Addendum misleading.

Where information in the Addendum has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Addendum in its proper form and context.

7. DOCUMENTS FOR INSPECTION

A copy of the Memorandum and Bye-Laws of the Company may be inspected at the office premises of the Company's legal counsel, Chancery Law Corporation, at 55 Market Street #08-01 Singapore 048941 during normal office hours (Monday to Friday, from 9.00 a.m. to 6.00 p.m.) for three (3) months from the date of this Addendum.

Yours faithfully,
For and on behalf of the Board of Directors of
FUXING CHINA GROUP LIMITED

Hong Qing Liang
Executive Chairman and CEO