FUXING CHINA GROUP LIMITED

(Incorporated in Bermuda)

(Company Registration No.: 38973)

UPDATE ON XIAMEN HEADQUARTERS PROJECT ("HQ PROJECT")

1. Introduction

The Board of Directors (the "**Board**") of Fuxing China Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to its regular updates to the Company's shareholders ("**Shareholders**") on the progress of the HQ Project via the Company's quarterly and full year results announcements (the "**Results Announcements**") and yearly Annual Reports (the "**Annual Reports**").

2. The Construction Costs for the HQ Project

2.1 The indicative construction and development costs for the HQ Project ("**Estimated Construction Cost**") as set out in the Company's circular to Shareholders dated 28 October 2011 in relation to the HQ Project (the "**Circular**"), was approximately RMB230 million. As disclosed in the Circular, there were no concrete building plans as at the date of the Circular and the Estimated Construction Cost was only then a tentative indication of the overall construction costs and related expenses to be incurred and was arrived at based on consultation with the relevant professionals and consultants and with reference to the prevailing construction costs of similar office buildings in the vicinity.

2.2 Through the Results Announcements and Annual Reports, the Company has been providing regular updates to Shareholders on the HQ Project, including updates and information on the overall construction costs and other related costs.

2.3 The breakdown of the overall construction costs and other related costs of the HQ Project is set out below.

3. Details of Construction Costs for the HQ Project

3.1 A breakdown of the actual construction costs incurred based on the completion accounts of the Company for the HQ Project, are as follows:

RMB'000	**As at 31 December 2017**
Main construction cost	99,018
Design fee	30,440
Decoration for public areas	29,750
Glass curtain walls	27,540
Elevator	5,465
Foundation Engineering	5,215
Others	39,494
Total costs incurred	236,922

The actual construction costs incurred as at 31 December 2017 is RMB236.9 million, which is approximately RMB6.9 million or 3% higher as compared to the Estimated Construction Cost of RMB230.0 million.

3.2 Since the commencement of the construction of the HQ Project, various additional costs were incurred. These costs and estimates thereof were not available at the time of Circular and as disclosed in the Circular, the Estimated Construction Cost did not include such additional costs.

3.3 Based on the completion accounts of the Company for the HQ Project and the Company's projections, details of such additional costs are as follows:

RMB'000	**As at 31 December 2017**
Bank loan interests	22,750
Air-conditioning equipment costs	21,987
Air-conditioning installation costs	8,016
Garden Decoration	6,020
Regulatory rectification costs [(1)]	37,370
Renovation costs *(estimated)* [(2)]	10,000

Notes:

(1) As announced on 27 February 2018, to comply with the local government's regulatory requirements, these rectification costs were incurred on the addition and alternation works to the HQ Project building.

(2) As announced on 6 March 2018, these costs are the estimated renovation costs of the 24/floor and 25/floor for the Group's corporate office usage and are expected to be incurred by the end of the third quarter of 2018.

4. Discussion at AGM of actual costs incurred

The Board intends to table the total construction and other costs of the HQ Project incurred as at 31 December 2017 as an item for discussion at the upcoming Annual General Meeting (AGM), and will address any queries Shareholders may have in this regard.

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Chairman and Chief Executive Officer
21 March 2018