FUXING CHINA GROUP LIMITED

(Incorporated in Bermuda)

(Company Registration No.: 38973)

DISPOSAL OF INVESTMENT PROPERTY (XIAMEN HEADQUARTERS)

– UPDATE ON COMPLETION AND USE OF PROCEEDS

The Board of Directors (the "**Board**") of Fuxing China Group Limited (the "**Company**" together with its subsidiaries, the "**Group**") refers to (i) the announcements dated 6 July 2020, 23 November 2020 and 4 December 2020 in relation to the Disposal, (ii) the circular to the Company's shareholders dated 2 November 2020 and (iii) the announcement dated 18 November 2020 in relation to the results of the special general meeting of the Company at which meeting the Company's shareholders approved the Disposal (collectively, the "**Announcements and Circular**").

Unless otherwise defined, all capitalised terms herein shall have the same meanings as ascribed to them in the Announcements and Circular.

As disclosed on 4 December 2020, the Group has completed the disposal and sale of all units of the Disposal Property (the "**Disposal**") save for two Purchasers, who are pending the relevant bank approvals for their property loans in respect of the disposal units. As of the date of this announcement, completion has not occurred in respect of the said two Purchasers as such relevant bank approvals are still pending.

As at the date of this announcement, the net proceeds raised from the Disposal, after deducting the related costs and expenses as set out in the Circular and excluding the Consideration to be paid by the said two Purchasers in respect of their relevant disposal units, amounted to approximately RMB 372.3 million. The Board of the Company wishes to update on the utilisation of the net proceeds from the Disposal as disclosed in the Circular, as follows:

Intended use of net proceeds as disclosed in the Circular	**Amount allocated**	**Amount utilised**	**Balance to be utilised**
	(RMB '000)	**(RMB '000)**	**(RMB '000)**
Repayment of bank borrowings including the mortgage loan for the Office Building	170,000	170,000	-
Automation plan to upgrade and replace its machineries	110,000	38,000	72,000
Working capital	71,731	71,731	-
Repayment of Director's Loans	23,000	17,000	6,000
Total	374,731	296,731	78,000

The Company will make further announcements on the subject matters of this announcement as and when they are material updates.

FOR AND ON BEHALF OF THE BOARD

Hong Qing Liang
Executive Chairman and CEO
3 February 2021