CIRCULAR DATED 13 APRIL 2021

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

This Circular is issued by FUXING CHINA GROUP LIMITED (the "Company", together with its subsidiaries, the "Group"). If you are in any doubt about the contents of this Circular or as to the course of action you should take, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company which are held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular, the Notice of Special General Meeting and the Depositor Proxy Form to the purchaser or transferee, as arrangements will be made by CDP for a separate Circular and accompanying documents to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the Company which are not held through CDP, you should immediately forward this Circular, the Notice of Special General Meeting and the Depositor Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular has been made available on SGXNet. A printed copy of this Circular will NOT be despatched to Shareholders.

Capitalised terms appearing on the cover of this Circular have the same meanings as defined herein.

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

福兴集团
FUXING GROUP

FUXING CHINA GROUP LIMITED

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Depositor Proxy Form	:	27 April 2021 at 2.30 p.m.
Date and time of Special General Meeting	:	29 April 2021 at 2.30 p.m.
Place of Special General Meeting	:	The SGM will be held by way of electronic means

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DEFINITIONS

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

"2018 AGM"	:	The annual general meeting of the Company held on 27 April 2018
*"**Act**"* or *"**Companies Act**"*	:	The Companies Act 1981 of Bermuda, as amended, supplemented or modified from time to time
*"**AGM**"*	:	The annual general meeting of the Company
*"**Associate**"*	:	(a) in relation to any Director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
*"**Board**" or "**Board of Directors**"*	:	The Board of Directors of the Company
*"**Bye-Laws**"*	:	The bye-laws of the Company as amended, supplemented or modified from time to time
*"**CDP**"*	:	The Central Depository (Pte) Limited
*"**Company**"*	:	Fuxing China Group Limited, a company incorporated in Bermuda
*"**Controlling Shareholder**"*	:	A person who: (a) holds directly or indirectly 15% or more of the total voting rights in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company.
"Depositor Proxy Form"	:	The proxy form in respect of the SGM to be despatched separately to Shareholders
*"**Directors**"*	:	The directors of the Company for the time being
*"**EPS**"*	:	Earnings per Share
*"**FY**"*	:	Financial year ended or ending on 31 December, as the case may be
*"**Group**"*	:	The Company and its subsidiaries as at the date of this Circular
*"**Latest Practicable Date**"*	:	The latest practicable date prior to the issue of this Circular, being 30 March 2021

"Listing Manual"	:	The listing manual of the SGX-ST, as amended, supplemented or modified from time to time
"Listing Rules"	:	The listing rules of the SGX-ST set out in the Listing Manual
"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 2.3.3(a) (*Manner of Purchases or Acquisitions of Shares*) of this Circular
"Maximum Price"	:	Has the meaning ascribed to it in Clause 2.3.4 (*Maximum Price*) of this Circular
"Memorandum"	:	The Memorandum of Association of the Company, as amended, supplemented or modified from time to time
"Notice of SGM"	:	The notice of the SGM as set out on pages N-1 to N-3 of this Circular
"NTA"	:	Net tangible assets
"Off-Market Purchase"	:	Has the meaning ascribed to it in Clause 2.3.3(b) (*Manner of Purchases or Acquisitions of Shares*) of this Circular
"Relevant Period"	:	The period commencing from the date on which the forthcoming SGM is held and the resolution relating to the Share Purchase Mandate is passed (or, in the case of a renewal or subsequent renewals thereof, the date on which the forthcoming AGM is held for such renewal) and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier
"RMB"	:	Renminbi, the lawful currency of the People's Republic of China
"Securities Account"	:	Securities accounts maintained by Depositors with CDP, but not including securities accounts maintained with a Depository Agent
"SGM"	:	The special general meeting of the Company to be convened for the purposes of considering and, if thought fit, passing the resolutions set out in the Notice of SGM set out on pages N-1 to N-3 of this Circular
"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 Circular as well as the rules and regulations set forth in the Companies Act and the Listing Manual
"Shareholders"	:	Registered holders for the time being of Shares, except that where the registered holder is the CDP, the term "Shareholders" shall, in relation to such Shares, and where the context admits, mean the Depositors whose securities accounts (but not including a securities sub-account) maintained with CDP are credited with Shares
"Shares"	:	Ordinary shares in the share capital of the Company

*"**Substantial Shareholder**"*	:	A person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company
*"**Take-over Code**" or "**Code**"*	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
*"**treasury shares**"*	:	A Share that was or is treated as having been acquired and held by the Company and has been held continuously by the Company since it was so acquired and has not been cancelled
*"**S$**", "**$**" and "**cents**"*	:	Singapore dollars and cents, respectively
*"**%**"*	:	Per centum or percentage

The terms "**Depositor**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore. The term "**subsidiary**", "**subsidiary holdings**", "**holding company**" and "**associated company**" shall have the meanings ascribed to them in the Listing Manual and/or Section 5 of the Companies Act, Chapter 50 of Singapore, as the case may be.

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 Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being, amended or re-enacted. Any word defined under the Securities and Futures Act, Chapter 289 of Singapore, the Companies Act, Chapter 50 of Singapore, Companies Act, the Take-over Code or the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the Securities and Futures Act, Chapter 289 of Singapore, the Companies Act, Chapter 50 of Singapore, Companies Act, the Take-over Code or the Listing Manual or any modification thereof, as the case may be.

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

Any discrepancy with the tables in this Circular between the listed amounts and the totals thereof is due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Chancery Law Corporation has been appointed as the legal adviser to the Company in relation to the drafting of this Circular.

FUXING CHINA GROUP LIMITED
(Incorporated in Bermuda)
(Company Registration No. 38973)

Directors:
Hong Qing Liang, *Executive Chairman and CEO*
Hong Peng You, *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

13 April 2021

To: The Shareholders of Fuxing China Group Limited

Dear Sir/Madam

THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

1. INTRODUCTION

The Directors are convening an SGM to be held on 29 April 2021 at 2.30 p.m. (or at such time immediately following the conclusion or adjournment of the AGM of the Company to be held at 2.00 p.m. on the same day) via electronic means to seek Shareholders' approval for the proposed adoption of the Share Purchase Mandate, the rationale for which is set out in further detail in the sections below.

The purpose of this Circular is to provide Shareholders with information relating to the proposed adoption of the Share Purchase Mandate to be tabled at the SGM and to seek Shareholders' approval for the resolution in respect thereof to be tabled at the SGM. The Notice of SGM is set out at pages N-1 to N-3 of this Circular.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular. If a Shareholder is in any doubt as to the course of action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2. THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

2.1 Background

As a Bermuda-incorporated company which is listed on the Mainboard of the SGX-ST, any purchase or acquisition of Shares by the Company would have to be made in accordance with and in the manner prescribed by the Companies Act, the Listing Manual, the Take-over Code, the Memorandum, the Bye-Laws and such other laws and regulations as may from time to time be applicable.

The Bye-Laws provide that for so long as the Shares of the Company are listed on a Designated Stock Exchange (defined in the Bye-Laws to include the SGX-ST), if the Company wishes to purchase or otherwise acquire its own Shares, it should obtain the prior approval of the Shareholders. Accordingly, approval is being sought from Shareholders at the SGM for a general mandate (the "**Share Purchase Mandate**") to be given for the purchase or acquisition by the Company of its issued Shares. A resolution will be proposed as an ordinary resolution pursuant to which the Share Purchase Mandate will be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares on the terms of the Share Purchase Mandate.

If approved by Shareholders at the SGM, the authority conferred by the Share Purchase Mandate will continue in force until the conclusion of the next AGM of the Company or the date by which such AGM is required by law to be held or the date on which purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated or when the authority conferred is revoked

or varied in any general meeting of the Company, whichever is the earliest. The Share Purchase Mandate may be renewed by the Shareholders in any general meeting.

2.2 **Rationale for Share Purchase Mandate**

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, *amongst others*, the return on equity 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 return on equity 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, which are 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 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 as described in paragraph 2.3.1 (*Maximum Number of Shares)* during the duration referred to in paragraph 2.3.2 *(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. The Directors do not propose to carry out Share Purchases to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group, taking into account the working capital requirements of the Company or the gearing levels, which in the opinion of the Directors, are from time to time appropriate for the Company. The Directors will act judiciously and will only purchase or acquire Shares pursuant to the Share Purchase Mandate as and when the circumstances permit and only if the Directors are of the view that such purchases are in the best interests of the Company and the Shareholders.

2.3 **Terms of 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:

2.3.1 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 during the Relevant Period or within any one financial year of the Company, whichever is the earlier, is limited to that number of Shares representing not more than 10% of the issued ordinary share capital of the Company as at the date of the forthcoming SGM at which the Share Purchase Mandate is approved, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions under the Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered, excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time.

For illustrative purposes only, on the basis of 17,205,438 issued and paid-up Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date and

assuming no further Shares are issued on or prior to the SGM, not more than 1,720,543 Shares (representing not more than 10% of the total number of issued Shares as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate during the duration referred to in paragraph 2.3.2 (*Duration of Authority)* below.

2.3.2 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 forthcoming SGM, at which the adoption of the Share Purchase Mandate is approved, up to the earlier of:

(a) the date on which the next AGM of the Company is held or required by law to be held;

(b) 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

(c) 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 by the Shareholders in a general meeting of the Company, such as at the next AGM or at a special general meeting to be convened immediately after the conclusion or adjournment of the next AGM.

2.3.3 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 through the SGX-ST's ready market or, as the case may be, any other securities exchange on which the Shares may for the time being, be listed and quoted, 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, the Companies Act, the Memorandum and the Bye-Laws and/or any other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s). An Off-Market Purchase must, however, satisfy all the following conditions:

(i) offers for the purchase or acquisition of issued Shares shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued 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, the Company must issue an offer document to all Shareholders containing at least the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

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

(iv) 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;

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

(vi) 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

(vii) whether the Shares purchased by the Company will be cancelled or held as treasury shares.

2.3.4 Maximum 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 provided such purchase price does not exceed:

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

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing 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 over the last five Market Days on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action which occurs during the relevant five Market Days period and the day on which the purchases are made.

"**day of the making of the offer**" means the day 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.

2.4 **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 that 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 Bye-Laws, the Company is permitted to hold purchased Shares as treasury shares.

At the time of each Share Purchase, the Company may decide whether the Share purchase will be (a) cancelled, (b) held as treasury shares in accordance with the Companies Act, or (c) partly cancelled and partly held as treasury shares, depending on the needs of the Company and as the Directors deem fit in the interest of the Company at that time.

Any Shares purchased or acquired by the Company (and not held as treasury shares by the Company) and cancelled will automatically be delisted by the SGX-ST and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase.

2.5 **Treasury Shares**

Under the Companies Act, a company may purchase its own shares if authorised by its memorandum of association or bye-laws. Some provisions on treasury shares under the Companies Act and the Listing Manual are summarised below:

2.5.1 Maximum Holdings

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 any purported exercise of such right is void.

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.

2.5.2 Voting and Other Rights

A company cannot exercise any right in respect of treasury shares including any right to attend and vote at meetings and any purported exercise of such a right is void.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distributions of assets to members on a winding up) may be made, to the company in respect of treasury shares. However, the making of an allotment of shares as fully paid bonus shares in respect of treasury shares is allowed and any such bonus

shares shall be treated for the purposes of the Companies Act as if they had been acquired by the company at the time they were allotted.

2.5.3 Disposal and Cancellation

Where shares are held as treasury shares, a company may, *inter alia*, at any time:

(a) continue to hold all or any of the treasury shares;

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

(c) cancel all or any of the treasury shares.

Pursuant to Rule 704(28) of the Listing Manual, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares, stating the following:

(i) date of the sale, transfer, cancellation and/or use;

(ii) purpose of such sale, transfer, cancellation and/or use;

(iii) number of treasury shares sold, transferred, cancelled and/or used;

(iv) number of treasury shares before and after such sale, transfer, cancellation and/or use;

(v) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and

(vi) value of the treasury shares if they are used for a sale or transfer, or cancellation.

2.6 **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-Law 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.

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, 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, and the value of the treasury shares if they are used for the usage.

2.7 **Source of Funds**

In undertaking Share Purchases, the Company may only apply funds legally available for such purchase 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. No purchase or acquisition by the Company of its Shares may be effected if, on the date on which the purchase or acquisition is effected, there are reasonable grounds for believing that the Company is, or after the purchase or acquisition would be, unable to pay its liabilities as they become due.

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.

2.8 **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 NTA and 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 FY2020 are based on the assumptions set out below:

(a) based on 17,205,438 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the SGM, not more than 1,720,543 Shares (representing 10% of the issued share capital as at that date) 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 1,720,543 Shares at the Maximum Price of S$0.693 for one Share (being the price equivalent to 5% above the Average Closing Price of the Shares for five Market Days on which transactions in Shares were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 1,720,543 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S$1.2 or RMB 5.8 million(1); and

(c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 1,720,543 Shares at the Maximum Price of S$0.792 for one Share (being the price equivalent to 20% above the Average Closing Price of the Shares for five Market Days on which transactions in Shares were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 1,720,543 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S$1.4 million or RMB6.6 million(1).

Note:

(1) Based on an exchange rate of $1: RMB4.8727 as at 30 March 2021 (Source: Bloomberg).

The financial effects of the acquisition of Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made out of profits are similar to that of purchases made out of capital. Therefore, only the financial effects of the acquisition of the Shares pursuant to the Share Purchase Mandate by way of purchases made out of capital are set out in this Circular.

Scenario A: Purchases made entirely out of capital and cancelled

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 2020 ; and (iii) the Company had purchased or acquired 1,720,543 Shares (representing 10% of its issued share capital at the Latest Practicable Date) on 31 December 2020, the financial effects of the purchase or acquisition of 1,720,543 Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of capital and cancelled, on the audited financial accounts of the Company and the Group for FY2020 are set out below:

(1) Market Purchases

	Group		Company	
As at 31 December 2020 (RMB'000)	**Before the Share Purchase**	**After the Share Purchase**	**Before the Share Purchase**	**After the Share Purchase**
Shareholders' Equity (1)	484,275	478,464	524,747	518,936
NTA (2)	484,275	478,464	524,747	518,936
Treasury Shares	(6,408)	(6,408)	(6,408)	(6,408)
Current Assets	644,846	639,035	184,992	179,181
Current Liabilities	378,930	378,930	5,098	5,098
Working Capital	265,916	260,105	179,894	174,083
Loans and Borrowings	149,710	149,710	-	-
Cash and Cash Equivalents (3)	197,272	191,461	175	(5,636)
Loss attributable to owners of the Company	(148,058)	(148,058)	(149,685)	(149,685)
Number of Shares (4)	17,205	15,484	17,205	15,484

Financial Ratios				
NTA per Share (RMB)	28.1	30.9	30.5	33.5
Basic EPS (RMB) (5)	(8.61)	(9.56)	(8.70)	(9.67)
Current Ratio (times) (6)	1.70	1.69	36.3	35.1
Gearing Ratio (times) (7)	0.31	0.31	-	-

Notes:-

(1) Total equity attributable to owners of the Company.

(2) NTA equals total equity less non-controlling interests less intangible assets, if any.

(3) Assuming that S$1.2 or RMB5.8 million is required for undertaking the Share Purchase under Market Purchases, the cash and cash equivalents will be fully utilised.

(4) Number of Shares excludes treasury shares, subsidiary holdings and Shares that are cancelled and assumes no change in the number of Shares on or prior to the date of the SGM.

(5) EPS is computed based on FY2020 net loss attributable to owners of the Company divided by the number of Shares.

(6) Current Ratio equals current assets divided by current liabilities.

(7) Gearing Ratio equals loans and borrowings divided by Shareholders' equity.

(2) Off-Market Purchases

	Group		**Company**	
As at 31 December 2020 (RMB'000)	**Before the Share Purchase**	**After the Share Purchase**	**Before the Share Purchase**	**After the Share Purchase**
Shareholders' Equity (1)	484,275	477,633	524,747	518,105
NTA (2)	484,275	477,633	524,747	518,105
Treasury Shares	(6,408)	(6,408)	(6,408)	(6,408)
Current Assets	644,846	638,204	184,992	178,350
Current Liabilities	378,930	378,930	5,098	5,098
Working Capital	265,916	259,274	179,894	173,252
Loans and Borrowings	149,710	149,710	-	-
Cash and Cash Equivalents (3)	197,272	190,630	175	(6,467)
Loss attributable to owners of the Company	(148,058)	(148,058)	(149,685)	(149,685)
Number of Shares (4)	17,205	15,484	17,205	15,484
Financial Ratios				
NTA per Share (RMB)	28.1	30.8	30.5	33.5
Basic EPS (RMB) (5)	(8.61)	(9.56)	(8.70)	(9.67)
Current Ratio (times) (6)	1.70	1.69	36.3	35.0
Gearing Ratio (times) (7)	0.31	0.31	-	-

Notes:-

(1) Total equity attributable to owners of the Company.

(2) NTA equals total equity less non-controlling interests less intangible assets, if any.

(3) Assuming that S$1.4 or RMB6.6 million is required for undertaking the Share Purchase under Market Purchases, the cash and cash equivalents will be fully utilised.

(4) Number of Shares excludes treasury shares, subsidiary holdings and Shares that are cancelled and assumes no change in the number of Shares on or prior to the date of the SGM.

(5) EPS is computed based on FY2020 net loss attributable to owners of the Company divided by the number of Shares.

(6) Current Ratio equals current assets divided by current liabilities.

(7) Gearing Ratio equals loans and borrowings divided by Shareholders' equity.

Scenario B: Purchases made entirely out of capital and held as treasury shares

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 2020; and (iii) the Company had purchased or acquired 1,720,543 Shares (representing 10% of its issued share capital at the Latest Practicable Date) on 31 December 2020, the financial effects of the purchase or acquisition of 1,720,543 Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of capital and held as treasury shares on the audited financial accounts of the Company and the Group for FY2020 are set out below:

(1) Market Purchases

	Group		Company	
As at 31 December 2020 (RMB'000)	**Before the Share Purchase**	**After the Share Purchase**	**Before the Share Purchase**	**After the Share Purchase**
Shareholders' Equity (1)	484,275	478,464	524,747	518,936
NTA (2)	484,275	478,464	524,747	518,936
Treasury Shares	(6,408)	(6,408)	(6,408)	(6,408)
Current Assets	644,846	639,035	184,992	179,181
Current Liabilities	378,930	378,930	5,098	5,098
Working Capital	265,916	260,105	179,894	174,083
Loans and Borrowings	149,710	149,710	-	-
Cash and Cash Equivalents (3)	197,272	191,461	175	(5,636)
Loss attributable to owners of the Company	(148,058)	(148,058)	(149,685)	(149,685)
Number of Shares (4)	17,205	17,205	17,205	17,205
Financial Ratios				
NTA per Share (RMB)	28.1	30.9	30.5	33.5
Basic EPS (RMB) (5)	(8.61)	(8.61)	(8.70)	(8.70)
Current Ratio (times) (6)	1.70	1.69	36.3	35.1
Gearing Ratio (times) (7)	0.31	0.31	-	-

Notes:-

(1) Total equity attributable to owners of the Company.

(2) NTA equals total equity less non-controlling interests less intangible assets, if any.

(3) Assuming that S$1.2 or RMB5.8 million is required for undertaking the Share Purchase under Market Purchases, the cash and cash equivalents will be fully utilised.

(4) Number of Shares excludes treasury shares, subsidiary holdings and Shares that are cancelled and assumes no change in the number of Shares on or prior to the date of the SGM.

(5) EPS is computed based on FY2020 net loss attributable to owners of the Company divided by the number of Shares.

(6) Current Ratio equals current assets divided by current liabilities.

(7) Gearing Ratio equals loans and borrowings divided by Shareholders' equity.

(2) Off-Market Purchases

	Group		Company	
As at 31 December 2020 (RMB'000)	**Before the Share Purchase**	**After the Share Purchase**	**Before the Share Purchase**	**After the Share Purchase**
Shareholders' Equity (1)	484,275	477,633	524,747	518,105
NTA (2)	484,275	477,633	524,747	518,105
Treasury Shares	(6,408)	(6,408)	(6,408)	(6,408)
Current Assets	644,846	638,204	184,992	178,350
Current Liabilities	378,930	378,930	5,098	5,098
Working Capital	265,916	259,274	179,894	173,252
Loans and Borrowings	149,710	149,710	-	-
Cash and Cash Equivalents (3)	197,272	190,630	175	(6,467)
Loss attributable to owners of the Company	(148,058)	(148,058)	(149,685)	(149,685)
Number of Shares (4)	17,205	17,205	17,205	17,205
Financial Ratios				
NTA per Share (RMB)	28.1	30.8	30.5	33.5
Basic EPS (RMB) (5)	(8.61)	(8.61)	(8.70)	(8.70)
Current Ratio (times) (6)	1.70	1.68	36.3	35.0
Gearing Ratio (times) (7)	0.31	0.31	-	-

Notes:-

(1) Total equity attributable to owners of the Company.

(2) NTA equals total equity less non-controlling interests less intangible assets, if any.

(3) Assuming that S$1.4 or RMB6.6 million is required for undertaking the Share Purchase under Market Purchases, the cash and cash equivalents will be fully utilised.

(4) Number of Shares excludes treasury shares, subsidiary holdings and Shares that are cancelled and assumes no change in the number of Shares on or prior to the date of the SGM.

(5) EPS is computed based on FY2020 net loss attributable to owners of the Company divided by the number of Shares.

(6) Current Ratio equals current assets divided by current liabilities.

(7) Gearing Ratio equals loans and borrowings divided by Shareholders' equity.

Shareholders should note that the financial effects set out above are purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical audited financial statements for FY2020 and is not necessarily representative of future financial performance.

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.

2.9 **Take-over Obligations**

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.

2.9.1 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 could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

2.9.2 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 will, *inter alia*, be presumed to be acting in concert, namely:

(a) the following companies:

(i) a company;

(ii) the parent company of (i);

(iii) the subsidiaries of (i);

(iv) the fellow subsidiaries of (i);

(v) the associated companies of any of (i), (ii), (iii) or (iv);

(vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and

(vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

A company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;

(b) a company with any of its directors (together with their close relatives, related trusts as well as 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 whose investment such person manages on a discretionary basis, but only in respect of the investment account

which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of (i) the adviser and persons controlling, controlled by or under the same control as the adviser, and (ii) all the funds which the adviser manages on a discretionary basis, where the shareholding 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 such directors, their close relatives and related trusts) which is subject to an offer or where the directors 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 the instructions of that individual, companies controlled by any of the above, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

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.

2.9.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

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 six months. In calculating the percentages of voting rights by such Directors and their concert parties, treasury shares shall be excluded.

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 such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

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.

2.9.4 Application of the Take-over Code

Based on the shareholdings of the Directors in the Company as at the Latest Practicable Date, none of the Directors will become obligated to make a mandatory offer by reason only of the buying back of 10% of the Shares by the Company pursuant to the Share Purchase Mandate.

The Directors are not aware of any Shareholder or group of Shareholders acting in concert who may become obligated to make a mandatory offer in the event that the Directors exercise the power to repurchase Shares pursuant to the Share Purchase Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory takeover offer under the Take-over Code as a result of Share Purchase by the Company are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity.

2.10 **Listing Rules**

2.10.1 Restrictions on Share Purchase

While the Listing Manual does 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 its 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 and/or Off-Market Purchases during the following periods and at all times in compliance with Rule 1207(19) of the Listing Manual : -

(a) where the Company announces its quarterly financial statements (whether required by the SGX-ST or otherwise), the Company will not purchase or acquire any shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, and one month before the announcement of the Company's full year financial statements, and ending on the date of the announcement of the relevant financial statements; and

(b) where the Company does not announce its quarterly financial statements, the Company will not purchase or acquire any Shares during the period commencing one month before the announcement of the Company's half year and full year financial statements, and ending on the date of the announcement of the relevant financial statements.

2.10.2 Free Float

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its issued Shares excluding treasury shares (excluding preferences shares and convertible equity securities) in a class that is listed is at all times held by 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 a 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 3,613,838 Shares, representing 21.0% 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 1,893,294 Shares, representing 12.23% 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 Shares 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.

2.11 **Shares Purchase by the Company in the 12 months preceding the Latest Practicable Date**

The Company has not had in place a Share Purchase Mandate during the 12-month period preceding the Latest Practicable Date.

2.12 **Previous Share Purchases**

Shareholders had previously approved a Share Purchase Mandate on 31 October 2008 and the said Share Purchase Mandate was last renewed during the 2018 AGM. Subsequently, the Share Purchase Mandate was not tabled for Shareholders' approval at the next AGM held on 24 April 2019. The Company has not had in place any Share Purchase Mandates since then.

2.13 **Limits on shareholdings**

The Company does not have any limits on the shareholding of any Shareholder.

2.14 **Interested Persons**

The Company is prohibited from knowingly buying Shares on the SGX-ST from an interested person, that is, a Director, the CEO of the Company, or Substantial Shareholder of the Company or any of their Associates, and an interested person is prohibited from knowingly selling his Shares to the company.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

3.1 **Directors' Interests**

As at the Latest Practicable Date, the interests of the Directors in the Shares, before and after a Share Purchase pursuant to the Share Purchase Mandate, assuming (a) the Company purchases 1,720,543 Shares; and (b) there is no change in the number of Shares (whether deemed or direct) held by the directors, are set out below:

	Before the Share Purchase (as at the Latest Practicable Date)			**After the Share Purchase**
	Direct	**Deemed**		
	Number of Shares		**Total Percentage Interest (%)** (1)	**Total Percentage Interest (%)** (1)
Director				
Hong Qing Liang	10,068,640	-	58.52	65.02
Hong Peng You	-	372,000 (2)	2.16	2.40
Lim Cheng Kee	-	-	-	-
Ho Kah Leong	-	-	-	-
Qiu Qing Yuan	-	-	-	-

Notes:

(1) Based on 17,205,438 Shares before the Share Purchase and 15,484,894 Shares after the Share Purchase.

(2) Shares are held through UOB Kay Hian Private Limited.

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**		
	Number of Shares		**Total Percentage Interest (%)** (1)	**Total Percentage Interest (%)** (1)
Substantial Shareholders				
Hong Qing Liang	10,068,640	-	58.52	65.02
CIM Investment Management Limited (2)	-	2,942,560	17.10	19.00
Santa Lucia Asset Management Pte Ltd (3)	-	2,942,560	17.10	19.00
Paul Dumond (4)	-	2,942,560	17.10	19.00
Rupert James Philip Morton (5)	-	2,942,560	17.10	19.00

Notes:

(1) Based on 17,205,438 Shares before the Share Purchase and 15,484,894 Shares after the Share Purchase.

(2) CIM Investment Management Limited is deemed interested in the Company's Shares held by DBS Bank Ltd. (for the accounts of CIM Investment Fund ICAV and CIM Discovery Fund Ltd and Van Biema Select Pan Asia Fund I LP) and its capacity as investment manager of CIM Investment Fund ICAV, CIM Discovery Fund Ltd and Van Biema Select Pan Asia Fund I LP.

(3) Santa Lucia Asset Management Pte Ltd, as the delegated sub investment manager of CIM Investment Fund ICAV, CIM Discovery Fund Ltd and Van Biema Select Pan Asia Fund I LP (collectively, the "**Funds**") has a deemed interest by virtue of Section 7(6) of the Companies Act, Chapter 50 of Singapore, in the Company's Shares held by the Funds.

(4) Paul Dumond, CEO of CIM Investment Management Ltd, is deemed interested in the Company's Shares held by DBS Bank Ltd by virtue of his managerial control of CIM Investment Management Ltd.

(5) Rupert James Philip Morton has an ownership interest in Santa Lucia Asset Management Pte Ltd and CIM Investment Management Ltd as sub manager and investment manager respectively, of CIM Investment Fund ICAV, CIM Discovery Fund Ltd and Van Biema Select Pan Asia Fund I LP and as such, has a deemed interest in the Company's shares by virtue of Section 7(4) of the Companies Act, Chapter 50 of Singapore.

4. DIRECTORS' RECOMMENDATIONS

The Directors, having fully considered the rationale for the Share Purchase Mandate, are of the opinion that the adoption of the Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of the ordinary resolution relating to the proposed adoption of the Share Purchase Mandate to be proposed at the SGM.

5. SPECIAL GENERAL MEETING

The SGM, notice of which is set out on pages N-1 to N-3 of this Circular, will be held on Thursday, 29 April 2021 at 2.30 p.m. (or at such time immediately following the conclusion or adjournment of the AGM of the Company to be held at 2.00 p.m. on the same day) via electronic means for the purposes of considering and if thought fit, passing the resolution set out in the Notice of the SGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to vote on the ordinary resolution at the SGM must appoint the Chairman of the SGM as their proxy by completing the Depositor Proxy Form to be despatched separately to Shareholders.

Please refer to the alternative arrangements relating to, *amongst others*, attendance, submission of questions in advance and/or voting by proxy at the SGM as set out in the Notice of SGM.

A Depositor shall not be regarded as a member of the Company entitled to attend the SGM and to speak and vote thereat unless his/her/its name appears in the Depository Register at least 48 hours prior to the time fixed for the holding of the SGM, as certified by CDP.

7. DIRECTORS' RESPONSIBILITY STATEMENT

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

Where information in the Circular 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 Circular in its proper form and context.

8. DOCUMENTS FOR INSPECTION

The following documents may be inspected during normal office hours at 138 Robinson Road, #26-03, Oxley Tower, Singapore 068906 from the date of this Circular to the date of the SGM:

(a) Memorandum and Bye-Laws of the Company; and

(b) annual report of the company for FY2020.

Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, please contact Ms Loke Oi Lin at +65 91175362 prior to making any visits to arrange for a suitable time slot for the inspection.

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

Hong Qing Liang
Executive Chairman and CEO

FUXING CHINA GROUP LIMITED
(Incorporated in Bermuda)
(Company Registration No. 38973)

NOTICE OF SPECIAL GENERAL MEETING

Unless otherwise defined, all capitalised terms herein shall bear the same meaning as used in the circular dated 13 April 2021 issued by Fuxing China Group Limited (the "Circular")

NOTICE IS HEREBY GIVEN that a SPECIAL GENERAL MEETING (**"SGM"** or the **"Meeting"**) of **Fuxing China Group Limited** (the "**Company**") will be held on Thursday, 29 April 2021 at 2.30 p.m. (or such time immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at 2.00 p.m. on the same day) via electronic means for the purpose of considering and, if thought fit, passing with or without any modification, the following RESOLUTION:

Ordinary Resolution

THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

That:

(1) pursuant to Bye-Law 3(2) of the Company's Bye-Laws, the Directors of the Company be and are hereby authorised to purchase or otherwise acquire its own issued shares ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) on-market purchase(s) ("**Market Purchase**"), transacted on the Singapore Exchange Securities Trading Limited ("**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, as may be determined or formulated by the Directors as they consider fit;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act 1981 of Bermuda, the Companies Act, Chapter 50 of Singapore (the "**Singapore Companies Act**") and listing rules of the SGX-ST (the "**Listing Rules**") as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(2) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earlier of:

(a) the conclusion of the next AGM of the Company;

(b) the date by which the next AGM 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.

(3) in this Ordinary Resolution:

"**Maximum Limit**" means the number of issued shares representing 10% of the issued share capital of the Company as at the date of the passing of this Ordinary Resolution;

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

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

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

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action which occurs during the relevant five (5) Market Days period and the day on which the purchases are made;

"**day of the making of the offer**" means the day 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; and

(4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

For and on Behalf of the Board

Hong Qing Liang
Executive Chairman and CEO
Singapore, 13 April 2021

Personal data privacy:

By (a) submitting an instrument appointing the Chairman of the SGM as proxy to vote at the SGM and/or any adjournment thereof, or (b) completing the Pre-registration in accordance with this Notice, or (c) submitting any question prior to the SGM in accordance with this Notice, a Member/Depositor of the Company consents to the collection, use and disclosure of the Member's/Depositor's personal data by the Company (or its agents or service providers) for the following purposes:

(i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the SGM as a proxy for the SGM (including any adjournment thereof);

(ii) the processing of the Pre-registration for purposes of granting access to Members/Depositors (or their corporate representatives in the case of Members/Depositors which are legal entities) to the live webcast or live audio feed of the SGM proceedings and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from Members/Depositors received before the SGM and if necessary, following up with the relevant Members/Depositors in relation to such questions;

(iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the SGM (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

Participation in the Special General Meeting ("SGM") via "live" webcast or "live" audio feed

1. As part of the Company's efforts to minimise the risk of community spread of COVID-19, the SGM will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, and Members/Depositors will NOT be able to attend the SGM in person. Printed copies of all documents relating to the business of SGM, including this Notice of SGM will not be sent to Members/Depositors. Instead, this Notice of SGM will be published on SGXNet.

   All Members/Depositors or their corporate representatives (in the case of Members/Depositors which are legal entities) will be able to participate in the SGM proceedings by accessing a "live" webcast or listening to a "live" audio feed.

   To do so, Members/Depositors are required to pre-register their participation in the SGM (**"Pre-registration"**) via email to oilinfxcg@gmail.com by **2.30 p.m. on 27 April 2021** (**"Registration Deadline"**) for verification of their status as Members/Depositors (or the corporate representatives of such Members/Depositors).

2. Upon successful verification, each such Member/Depositor or its corporate representative will receive an email by **2.30 p.m. on 28 April 2021**. The email will contain instructions to access the "live" webcast or "live" audio feed of the SGM proceedings. Members/Depositors or their corporate representatives must not forward the email to other persons who are not Members/Depositors and who are not entitled to participate in the SGM proceedings. Members/Depositors or their corporate representatives who have pre-registered by the Registration Deadline in accordance with paragraph 1 above but do not receive an email by **5.00 p.m. on 28 April 2021** may contact the Company for assistance at +65 9117 5362.

SUBMISSION OF PROXY FORMS TO VOTE

3. Members/Depositors may only exercise their voting rights at the SGM via proxy voting (see paragraphs 4 to 6 below).

4. Members/Depositors who wish to vote on the resolution at the SGM must appoint the Chairman of the SGM as their proxy to do so on their behalf, indicating how the Member/Depositor wishes to vote for or vote against or abstain from voting on each resolution. The Chairman of the SGM, as proxy, need not be a member/depositor of the Company.

5. If the Member/Depositor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

6. The duly executed proxy form must be deposited at the office of the **Singapore Share Transfer Agent at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623** or sent by email to oilinfxcg@gmail.com not less than forty-eight (48) hours before the time appointed for the holding of the SGM.

7. Please note that Members/Depositors will not be able to vote through the "live" webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.

8. CPF or SRS investors who wish to appoint the Chairman of the SGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **2.30 p.m. on 19 April 2021**.

Submission of questions prior to the SGM

9. Members/Depositors may submit questions related to the resolutions to be tabled at the SGM via email to oilinfxcg@gmail.com so that they may be addressed before or during the SGM proceedings. All questions must be submitted by **2.30 p.m. on 22 April 2021**.

10. The Company will endeavour to address relevant and substantial questions (as may be determined by the Company in its sole discretion) received either before or during the SGM. The Company will publish the minutes of the SGM on SGXNet within one month after the date of SGM.