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

PROPOSED SUBSCRIPTION OF 3,400,000 NEW ORDINARY SHARES IN THE CAPITAL OF FUXING CHINA GROUP LIMITED FOR AN AGGREGATE CONSIDERATION OF S$860,200 (THE "PROPOSED SUBSCRIPTION")

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1. INTRODUCTION

The Board of Directors (the "**Board**") of Fuxing China Group Limited (the "**Company**" together with its subsidiaries, the "**Group**") wishes to announce the Proposed Subscription of 3,400,000 new ordinary shares in the capital of the Company (the "**Subscription Shares**") at S$0.253 for each Subscription Share (the "**Issue Price**"), amounting to an aggregate amount of S$860,200.

2. THE PROPOSED SUBSCRIPTION

2.1 The Company has today entered into a subscription agreement (the "**Subscription Agreement**") with each of Dong Yiqiang, Gong Haibin, Dong Qunzhu, Hong Huafeng and Kung Kin Mang (each, a "**Subscriber**" and collectively, the "**Subscribers**"), who have agreed to subscribe for the Subscription Shares set out below and on the terms and subject to the conditions of the Subscription Agreement:

Name of Subscriber	Number of Subscription Shares	Percentage of Total Subscription Shares (%)	Total number of Subscription Shares as a percentage to the existing share capital [(1)] of the Company (%)	Total number of Subscription Shares as a percentage to the enlarged share capital [(2)] of the Company (%)	Total Amount of Subscription Price Payable (S$)
Dong Yiqiang	800,000	23.53	4.65	3.88	202,400
Gong Haibin	800,000	23.53	4.65	3.88	202,400
Dong Qunzhu	700,000	20.59	4.07	3.40	177,100
Hong Huafeng	600,000	17.65	3.49	2.91	151,800
Kung Kin Mang	500,000	14.70	2.90	2.43	126,500
Total	**3,400,000**	**100.00**	**19.76**	**16.50**	**860,200**

Notes:

(1) Based on the existing issued and paid-up share capital of 17,205,438 ordinary shares in the Company before the Proposed Subscription.

(2) Based on the enlarged issued and paid-up share capital of 20,605,438 ordinary shares in the Company after the Proposed Subscription.

2.2 Subscription Shares

The Subscription Shares shall be issued free from any form of legal, equitable or security interests or any other encumbrance and shall rank *pari passu* in all respects with the then existing issued ordinary shares of the Company at the date of issue of the Subscription Shares except that such Subscription Shares shall not be entitled to any dividends, rights, or other entitlements the record date of which falls on or before the date of issue of the Subscription Shares.

Upon the allotment and issue of the Subscription Shares, the Company's issued and paid-up share capital (the "**Shares**") of 17,205,438 Shares, as at the date of this announcement, will increase to 20,605,438 Shares. As disclosed in the table set out in paragraph 2.1 above, the Subscription Shares represent approximately 19.76% of the existing issued share capital of the Company of 17,205,438 Shares as at the date of this announcement and 16.50% of the enlarged issued share capital of the Company of 20,605,438 Shares following the completion of the Proposed Subscription.

2.3 Issue Price

The Issue Price of S$0.253 per Subscription Share is equivalent to the volume weighted average price per Share based on a trade done on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 11 January 2024, being the last full market day on which the Shares were traded up to the signing of the Subscription Agreement. The Issue Price was arrived at following arm's length negotiations between the Company and the Subscribers and based on the prevailing market price of the Shares and taking into consideration the general conditions of the equity market.

2.4 Conditions Precedent

The completion of the Proposed Subscription ("**Completion**") is conditional upon, amongst others, the following:

(a) the listing and quotation notice ("**LQN**") in respect of the Subscription Shares on the Mainboard of the SGX-ST being obtained from the SGX-ST and such approval being in full force and effect;

(b) the issue and subscription of the Subscription Shares not being prohibited by any publicly available law, statute, rule, regulation or code, or order, decree, requirement, judgment or decision of any governmental or regulatory body or authority or court of competent jurisdiction, applicable to a party or to the relevant matter(s) contemplated under the Subscription Agreement, and includes, for the avoidance of doubt, the Mainboard Rules;

(c) the completion and satisfactory outcome of know-your-client and due diligence checks to be conducted by the Company on each of the Subscribers;

(d) proof of funds for the aggregate Issue Price, in a form satisfactory to the Company, to be provided by the Subscribers to the Company;

(e) if required, the approval of the shareholders of the Company for the proposed subscription and the allotment and issue of the Subscription Shares at the Issue Price; and

(f) the representations and warranties of the Company and the Subscribers in the Subscription Agreement being true and accurate and not misleading as at the date of the Subscription Agreement, and remaining true and accurate and not misleading at all times between the date of the Subscription Agreement and Completion.

2.5 Not Underwritten

The Proposed Subscription is not underwritten and no placement agent will be appointed for the purposes of the Proposed Subscription. The Proposed Subscription will be undertaken pursuant to the private placement exemption under Section 272B of the Securities and Futures Act 2001 of Singapore. As such, no prospectus or offer information statement will be lodged by the Company in connection with the Proposed Subscription.

No introducer fee or placement commission is paid or will be payable by the Company in connection with the Proposed Subscription.

3. THE SUBSCRIBERS

3.1 The Subscribers were introduced to the Company through a mutual friend of the Executive Chairman of the Company, Mr. Hong Qing Liang. The details of each of the Subscribers are set out below:-

Name of the Subscriber	Rationale for the Subscriber's subscription of Subscription Shares	Background information on the Subscriber / Relationship of the Subscriber with the Group
1) Dong Yiqiang	Solely for strategic investment purposes.	The Subscriber is a citizen of the People's Republic of China ("**PRC**") and has been a restaurant owner for approximately ten (10) years. He is also engaged in investment-related activities and has no relationship with the Group.

Name of the Subscriber	Rationale for the Subscriber's subscription of Subscription Shares	Background information on the Subscriber / Relationship of the Subscriber with the Group
2) Gong Haibin	Solely for strategic investment purposes.	The Subscriber is a citizen of the PRC and is the supervisor and shareholder of 石狮市亿众商贸有限责任公司, which is engaged in the trading of raw materials and textiles. He is also engaged in investment-related activities and has no relationship with the Group.
3) Dong Qunzhu	Solely for strategic investment purposes.	The Subscriber is a citizen of the PRC and is the executive director and shareholder of 石狮市亿众商贸有限责任公司, which is engaged in the trading of raw materials and textiles. He is also engaged in investment-related activities and has no relationship with the Group.
4) Hong Huafeng	Solely for strategic investment purposes.	The Subscriber is a citizen of the PRC and runs a company which is engaged in the import and trading of food and beverages in the PRC. He is also engaged in investment-related activities and has no relationship with the Group.
5) Kung Kin Mang	Solely for strategic investment purposes.	The Subscriber is a citizen of the PRC and is currently engaged mainly in investment-related activities and has no relationship with the Group.

The information on the Subscribers set out above was provided by the respective Subscribers, which has been extracted and reproduced herein. In respect of such information, the Directors have not independently verified the accuracy and correctness of the same and the Directors' responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.

3.2 Save as disclosed in paragraph 3.1 above and pursuant to the Subscription Agreement, each Subscriber has represented, *amongst others*, that the Subscriber:

(a) has no connection (including business relationships), past or present, with the Company, its Directors and substantial shareholders;

(b) is not a person to whom the Company is prohibited from issuing shares to, as provided by Rule 812 of the Mainboard Rules; and

(c) is not an associate (as defined in the Mainboard Rules) of the other and is also not an associate of any Directors or substantial shareholders of the Company.

3.3 The introducer was not paid any commission or other fees by the Company for introducing the Subscribers to subscribe for the Subscription Shares.

3.4 The Proposed Subscription would not result in any transfer of controlling interest in the Company. As at the date of this announcement, none of the Subscribers hold any Shares in the Company.

3.5 Each of the Subscribers has also irrevocably and unconditionally undertaken to and agreed with the Company that each of them shall not, directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option or right to purchase, grant any security over, encumber or otherwise dispose of, all or any part of the Subscription Shares for a period of three (3) months commencing from and including the date of issue and allotment of the Subscription Shares.

3.6 Each of the Subscribers has also represented, warranted and undertaken to the Company that the Subscription Shares, once issued and allotted, will be held by each Subscriber as the ultimate beneficial owner and are not held on trust or otherwise for the benefit or on behalf of any other Subscriber or third party.

4. ALLOTMENT AND ISSUANCE OF THE SUBSCRIPTION SHARES

The Subscription Shares will be issued pursuant to the general mandate authorising the Directors of the Company ("**Directors**") to issue new Shares and convertible securities (the "**General Mandate**"), which was granted by the shareholders of the Company by way of an ordinary resolution at the annual general meeting of the Company held on 6 September 2023 (the "**AGM**"). As at the date of the AGM, the number of issued Shares was 17,205,438. The General Mandate authorises the Board to issue new Shares not exceeding 50% of the total number of issued Shares, of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company shall not exceed 20% of the Company's total number of issued Shares, after such adjustments as permitted under Rule 806(3) of the SGX-ST Listing Manual Section A: Rules of Mainboard (the "**Mainboard Rules**"). No Shares were previously issued under the General Mandate prior to the Proposed Subscription. As such, the total number of Shares that may be issued pursuant to the General Mandate other than on a pro-rata basis is 3,441,087 Shares. As such, the proposed allotment and issuance of an aggregate of 3,400,000 Subscription Shares will fall within the limits of the General Mandate.

5. RATIONALE FOR THE PROPOSED SUBSCRIPTION AND USE OF PROCEEDS

5.1 As previously disclosed in its annual report for the financial year ended 31 December 2022, the Group is in the process of automating its manufacturing process progressively to improve the quality of the zippers which would enable the Group to secure more sales orders from new customer segments. Accordingly, the Company is undertaking the Proposed Subscription to tap on the equity market as an alternative and less costly source of funding as compared to bank borrowings to finance the aforesaid automation process, and to conserve its cash reserves to support other working capital requirements of the Group.

5.2 Assuming that all the Subscription Shares are successfully allotted and issued, the Proposed Subscription will raise gross proceeds of S$860,200 and net proceeds of approximately S$800,200, after deducting estimated expenses of approximately S$60,000 (the "**Net Proceeds**").

5.3 The Company intends to use the Net Proceeds in the following proportion:-

No.	Use of Proceeds	Percentage Allocation
1.	Replacement of plant and machineries	90%
2.	Other general working capital requirements	10%

5.4 Pending the deployment of the Net Proceeds from the Proposed Subscription for the abovementioned intended purpose, the Net Proceeds may be placed as deposits with banks and/or financial institutions and/or invested in short-term money markets or debt instruments or for any other purposes on a short-term basis as the Board may deem fit in the interest of the Group.

5.5 The Company will make periodic announcements on the utilisation of the Net Proceeds from the Proposed Subscription as and when such proceeds are materially disbursed, and provide a status report on the use of the proceeds raised in the interim and full-year financial statements issued under Rule 705 of the Mainboard Rules and its annual report. The Company will also provide a breakdown with specific details on how the proceeds have been applied in the announcements and status reports. Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation.

6. ADDITIONAL LISTING APPLICATION

As the Proposed Subscription is subject to, *amongst others*, the receipt of the LQN of the SGX-ST for the listing and quotation of the Subscription Shares on the Mainboard of the SGX-ST, the Company will be submitting an application to the SGX-ST for the listing and quotation of the Subscription Shares on the Mainboard of the SGX-ST. An appropriate announcement will be made in due course to notify shareholders of the Company when the LQN is obtained.

7. CONFIRMATION BY DIRECTORS

The Directors are of the opinion that, after taking into consideration:

(a) the Group's financial position, including its present bank facilities and internal resources, the working capital available to the Group is sufficient to meet its present requirements. Please refer to paragraph 5 of this announcement for the rationale for the Proposed Subscription; and

(b) the Group's financial position, including its present bank facilities, internal resources and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

8. FINANCIAL EFFECTS

The financial effects of the Proposed Subscription set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the Proposed Subscription. Based on the audited consolidated financial statements of the Group for the most recently completed financial year ended 31 December 2022, purely for illustrative purposes, the financial effects of the Proposed Subscription on the Group based on the following assumptions:-

(a) the financial impact on the consolidated net tangible assets ("**NTA**") per Share of the Group is computed based on the assumption that the Proposed Subscription was completed on 31 December 2022;

(b) the financial impact on the consolidated earnings per share of the Group ("**EPS**") is computed based on the assumption that the Proposed Subscription was completed on 1 January 2022;

(c) transaction costs incurred for the Proposed Subscription are approximately RMB321,000; and

(d) exchange rate of S$1.00 : RMB 5.354 as at 17 January 2024 is used for the computations.

	Before completion of the Proposed Subscription	**After completion of the Proposed Subscription**
Paid-up share capital (RMB'000)	772,574	776,858
Number of Shares	17,205,438	20,605,438
NTA (RMB'000)	586,198	590,482
NTA per Share (RMB)	34.07	28.66
EPS (RMB)	1.65	1.38

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for their respective shareholdings in the Company, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Subscription.

Save as disclosed in paragraph 3.1 above, the Subscribers are not related to any Directors and substantial shareholders of the Company**.**

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Subscription and the Group, and the Directors are not

aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement 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 this announcement in its proper form and context.

11. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution when trading their shares. The completion of the Proposed Subscription is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that no changes will be made to the terms of the Proposed Subscription or that the Proposed Subscription will be completed.

The Company will provide further details in subsequent announcements in accordance with the listing rules of the SGX-ST at the appropriate juncture.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully and they should consult their professional advisers immediately if they have any doubt as to the actions they should take.

12. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Subscription Agreement is available for inspection at the office of Chancery Law Corporation at 138 Robinson Road, #26-03, Singapore 068906 during normal business hours on any weekdays (public holidays excepted) for a period of three (3) months after the date of this announcement.

FOR AND ON BEHALF OF THE BOARD

Hong Qing Liang
Executive Chairman
18 January 2024

Important Notice

Notification under Section 309B of the Securities and Futures Act 2001 of Singapore: The Subscription Shares are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 and "Excluded Investment Products" (as defined in MAS Notice SFA 04- N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).