

PROPOSED ACQUISITION OF A PROPERTY IN HONG KONG

1. INTRODUCTION

The Board of Directors of Fuxing China Group Limited ("the Company" or together with its subsidiaries, "**the Group**") would like to announce that its wholly-owned subsidiary, Fook Hing Group Trading Co. Ltd ("**FHG**"), has today entered into a Sales and Purchase Agreement (the "**Agreement**") with Deckford Limited ("**Deckford**"), a company incorporated in Hong Kong, for the proposed acquisition of a property located at 16th Floor of Tower II, Enterprise Square, No. 9, Sheung Yuet Road, Kowloon (the "**Property**"). The Property has a gross floor area of 12,878 square feet or saleable/rentable area of 11,813 square feet.

2. PURCHASE CONSIDERATION

The aggregate purchase consideration (the "**Consideration**") of the Property is HK\$52,000,000 (equivalent to RMB45,760,000). The Consideration was arrived at on a willing-buyer, willing-seller basis, taking into account, *inter alia*, the valuation report (the "**Valuation Report**") dated 1 June 2009 prepared by Jones Lang Lasalle Limited at HK\$53,000,000 based on the market value of the Property commissioned by the Company.

The Consideration will be satisfied by cash funded from the Company's internal resources and bank borrowings.

Pursuant to the Agreement, the terms of payment will be as follows:

- (i) Payment of deposit of HK\$10,000,000 on or before entering into the Agreement;
- (ii) Payment of the remaining balance of HK\$42,000,000 on or before 18 June 2009 upon completion of the transaction.

3. RATIONALE FOR THE ACQUISITION

The acquisition of the Property is in accordance with the Company's long term plan to expand its sales office and trading business in Hong Kong.

Deckford currently rents 2 units of the Property to other tenants. FHG would continue as landlord upon its acquisition. The potential increase in rental in Kowloon and the increase in market value of the Property presented a steady rental income for the Group.

4. MATERIAL CONDITIONS

There are no material conditions attached to the sale of the Property.

5. DISCLOSEABLE TRANSACTION

The relative figures for the acquisition of the Property computed on the relevant bases set out in Rule 1006 of the Listing Manual are as follows:

	Relative figure
Rule 10006(a) – Net Asset Value of the assets to be disposed of compared with the Group's net asset value	Not applicable
Rule 1006(b) - Net Profit attributable to the assets acquired compared with the Group's net profits	There are no profits attributable to the acquisition of the Property
Rule 10006 (c) – Aggregate value of the aggregate consideration of the acquisition compared with the market capitalisation of the Company as at 4 June 2009.	11.6%
Rule 1006(d) – Number of equity securities issued as consideration for the acquisition compared with the number of equity securities previously in issue	Not Applicable

The Proposed Acquisition constitutes a discloseable transaction under Chapter 10 of the Listing Manual of SGX-ST.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

Based on the audited consolidated results of the Group for the financial year ended 31 December 2008 and, assuming that the acquisition of the Property had been completed at the end of 31 December 2008, the Net Tangible Assets ("NTA") per share of the Group would be RMB126.44.

Based on the audited consolidated results of the Group for the financial year ended 31 December 2008 and, assuming that the acquisition of the Property had been completed at the on 1 January 2008, the Earnings Per Share ("EPS") of the Group for the financial year ended 31 December 2008 would be RMB0.17.

7. DOCUMENTS FOR INSPECTION

A copy of the Agreement and valuation report are available for inspection during normal business hours at the Company's Singapore Share Transfer Agent at 3 Church Street, #08-01, Samsung Hub, Singapore 049483.

BY ORDER OF THE BOARD

Hong Qing Liang
CEO and Executive Director

5 June 2009

SAC Capital Private Limited was the issue manager for the initial public offer of Fuxing China Group Limited (the "Company"). This announcement has been prepared and released by the Company.