FUXING CHINA GROUP LIMITED
(Incorporated in Bermuda)
(Company Registration Number: 38973)

PROPOSED ACQUISITION OF THE ENTIRE INTEREST IN QINGDAO HONG SHI FUXING HIGH TECHNOLOGICAL CO. LTD

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1. INTRODUCTION

The Board of Directors of Fuxing China Group Limited ("the Company" or together with is subsidiaries, "**the Group**") is pleased to announce that its wholly-owned subsidiary, Jade Star Group Holdings Limited ("**JS")**, has entered into a Share Transfer Agreement with Fook Hing Group International Company Limited ("**FHGI")** on 4 February 2008, a company registered in Hong Kong, for the acquisition of 100% equity interest in Qingdao Hong Shi Fuxing High Technological Co. Ltd ("**Qingdao Hong Shi Fuxing")** for an aggregate consideration of HK$17.30 million (equivalent to RMB16.86 million) . When the acquisition is completed, the Group will inherit Qingdao Hong Shi Fuxing's land and ready factory in Qingdao.

2. PURCHASE CONSIDERATION

The purchase consideration of HK$17.30 million was agreed between the parties on an arm's length basis and on a willing-buyer, willing-seller basis, taking into account, *inter alia,* the valuation report undertaken on Qingdao Hong Shi Fuxing dated 21 November 2007 prepared by Jinjiang Decheng Assets Valuation Co. Ltd, an independent valuer commissioned by the Company. The valuation report is based on the unaudited financial statements of Qingdao Hong Shi Fuxing as at 31 October 2007 of which the net asset value amounted to RMB 12.51 million.

The purchase consideration will be settled in cash from the proceeds of the Company's initial public offerings upon approval of the share transfer in Qingdao Hong Shi Fuxing by the relevant PRC authority but no later than three months from the date of execution of the Share Transfer Agreement.

3. BUSINESS OF QINGDAO HONG SHI FUXING

Qingdao Hong Shi Fuxing was incorporated in the People's Republic of China on 2 March 2007 and is in the business of development of computer chips, fashion, packing materials, hardware and related consultation business. Qingdao Hong Shi Fuxing has been dormant since the date of its incorporation. Qingdao Hong Shi Fuxing has a registered capital of HK $38.88 million and a paid up capital of HK$12.79 million.

4. RATIONALE FOR AND BENEFITS TO THE COMPANY

As stated in the Company's prospectus dated 13 September 2007, the Group intends to set up additional production facilities for finished zippers in Qingdao and targeted commencement of production in the fourth quarter of FY2007.

Qingdao Hong Shi Fuxing owns a piece of land and a small ready factory in Qingdao. When the proposed acquisition is completed, the Group will immediately inherit the existing land and factory. This eliminates the processes required for constructing a factory from scratch such as monitoring the approvals from the various authorities including the acquisition of land use rights and construction of land and buildings for the production facilities.

The Company has completed its trial production at the Qingdao facility at the end of December 2007 and has started producing a small quantity of finished zippers in the Qingdao facility for several apparel manufacturers in Qingdao.

The total planned investment of S$25 million to acquire the new machinery and the required facilities for both premises in Shanghai and Qingdao as disclosed in the Company's prospectus dated 13 September 2007 on page 95 will still remain unchanged. The acquisition of Qingdao Hong Shi Fuxing would enable the Group to proceed with its expansion programme in the northern region of the People's Republic of China in accordance with the Group's planning.

5. LEASE AGREEMENT

Currently, the Company is operating at the factory on a lease term with Qingdao Hong Shi Fuxing. The lease agreement was entered into between Jade Star and FHGI at a monthly rate of RMB 10,000 with effect from December 2007 ("Lease Agreement"). (Prevailing market rate is approximately RMB 100,000 per month.) This is a goodwill rate granted to the Company in view of the Proposed Acquisition by Jade Star of Qingdao Hong Shi Fuxing.

The salient terms of the Lease Agreement are:

- If the Proposed Acquisition is approved by the relevant PRC authorities, the rental due for the period from December 2007 to completion of the Acquisition will be waived by FHGI.

- If the relevant approval is not granted by the PRC authorities, both parties will sign a new lease agreement at market prevailing rate.

Approval from the PRC authorities is expected to be obtained by 31 March 2008.

6. INTERESTED PERSON

6.1 Ms Hong Yanru, the daughter of Mr Hong Qingliang, the Chief Executive Officer ("**CEO**") and Executive Director of the Company, holds the entire interest in FHGI, which owns Qingdao Hong Shi Fuxing. Mr Hong Qing Liang is considered to be an interested person of the Company.

6.2 The aggregate value of the Proposed Acquisition of HK$17.30 million (equivalent to RMB16.86 million) represents approximately 4.89% of the latest audited net tangible assets ("**NTA**") of the Group as reflected in the Company's latest audited accounts as at 31 December 2006.

As the aggregate value of the Proposed Acquisition did not exceed 5% of the latest audited consolidated NTA of the Group, the proposed acquisition does not require the approval of the Shareholders of the Company pursuant to Chapter 9 of the Listing Manual.

7. MATERIAL TERMS AND CONDITIONS OF THE SHARE TRANSFER AGREEMENT

The Proposed Acquisition shall be conditional upon the receipt of the requisite approval from the local relevant regulatory authority for the share transfer.

As part of the acquisition, JS will assume all the liabilities of Qingdao Hong Shi Fuxing which amounts to approximately RMB 5.23 million as at 31 October 2007.

The Share Transfer Agreement is governed under the laws of the People's Republic of China.

8. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

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

8.1 Net Asset Value test

Not applicable.

8.2 Net Profit test

Not applicable as no profit contribution is attributable to the assets under this Proposed Acquisition.

8.3 Market Capitalisation test

The aggregate value of the aggregate consideration of the Proposed Acquisition, compared with the market capitalisation of the Company as at 31 January 2008 is 1.1% (there was no dealing on the Company's shares on 1 February 2008, being the market day preceding the date of the Share Transfer Agreement).

8.4 Equity Securities Test

Not applicable.

9. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

9.1 **Net Tangible Assets** ("**NTA**")

The NTA per share of the Group prior to the Proposed Acquisition is RMB57.47 cents for FY2006. Had the Proposed Acquisition been completed on 31 December 2006, and based on the latest audited consolidated financial statements for FY 2006, the NTA per share of the Company remained at RMB 57.47 cents.

Note: NTA per share is calculated based on 600 million ordinary shares in issue as at 31 December 2006.

9.2 **Earnings Per Share**

The basic and fully diluted earnings per share ("EPS") of the Group for FY2006 prior to the Proposed Acquisition is both RMB 25.93 cents. As there is no profit contribution attributable to the assets acquired under this Proposed Acquisition, no effect on the EPS had the Proposed Acquisition completed on 1 January 2006.

Note: Based on the weighted average number of shares of 600 million shares in FY 2006.

10. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the date of this Announcement, Mr Hong Qing Liang holds 62.25% of the shares of the Company.

Save as disclosed in item 6.1, none of the controlling shareholders and the Directors has any interest, whether direct or indirect, in the Proposed Acquisition.

No Directors are proposed to be appointed to the Board of Qingdao Hong Shi Fuxing in connection with the Proposed Acquisition.

11. AUDIT COMMITTEE STATEMENT

The Audit Committee of the Company has reviewed the Proposed Acquisition and is of the view that the transaction is on normal commercial terms; and is not prejudicial to the interests of the Company and its minority shareholders.

12. CURRENT VALUE OF INTERESTED PERSON TRANSACTIONS

On the assumption that the lease commences 1 December 2007 and will end on 31 March 2008 date of completion of the Proposed Acquisition, the total lease agreement amount is RMB 40,000.00 representing 0.01% of the latest audited consolidated net tangible assets of the Group as at 31 December 2006.

The Proposed Acquisition of Qingdao Hong Shi Fuxing of RMB 16.86 million represents 4.89% of the latest audited consolidated net tangible assets of the Group as at 31 December 2006.

12. DOCUMENTS FOR INSPECTION

A copy of each of the following documents may be inspected at the office of the Company's Singapore Share Transfer Agent at 3 Church Street #08-01, Samsung Hub, Singapore 049483, during normal business hours for three months from the date of this Announcement:

(a) Share Transfer Agreement;

(b) Lease Agreement; and

(c) Valuation reports prepared by Jinjiang Decheng Assets Valuation Co Ltd.

BY ORDER OF THE BOARD

Hong Qing Liang
CEO and Executive Director

4 February 2008

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.