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

PROPOSED ACQUISITION OF THE ENTIRE INTEREST IN FUXING TEXTILE (SHANGHAI) CO. LTD

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 San Hong Group Co. Ltd ("**SAN HONG"")** , a company registered in Hong Kong, for the acquisition of 100% equity interest in Fuxing Textile (Shanghai) Co. Ltd (福兴纺织（上海）有限公司 "**Fuxing Textile")** for an aggregate consideration of HK$37,377,982 (equivalent to RMB34,458,766) . Upon the completion of the proposed acquisition, Fuxing Textile will become a wholly-owned subsidiary of Jade Star.

2. PURCHASE CONSIDERATION

The purchase consideration of HK$37,377,982 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 Fuxing Textile dated 15 May 2008 prepared by Jinjiang Decheng Assets Valuation Co. Ltd, an independent valuer commissioned by the Company. The valuation report is based on the audited financial statements of Fuxing Textile as at 30 April 2008 of which the net asset value amounted to RMB6.6 million.

The purchase consideration will be settled by cash from the proceeds of the Company's initial public offerings upon approval of the share transfer in Fuxing Textile by the relevant PRC authority but not later than three months from the date of execution of the Share Transfer Agreement.

3. BUSINESS OF FUXING TEXTILE

Fuxing Textile was incorporated in the People's Republic of China on 2 November 1999 and is in the business of manufacturing of wool yarn, knitted fabrics, cloths, zipper, taps, metal materials, and related products. Fuxing Textile has a registered capital of HK$78 million and a paid up capital of HK$33 million.

4. RATIONALE FOR THE ACQUISITION

Fuxing Textile owns a piece of land and a small ready factory in Shanghai. When the proposed acquisition is completed, the Group will immediately take possession of the existing land and factory. This eliminates the processes required for constructing a factory which would require 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 Shanghai facility at the end of June 2008 and has started producing a small quantity of finished zippers for several apparel manufacturers in Shanghai.

The acquisition of Fuxing Textile 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 as stated in the Company's prospectus dated 13 September 2007.

5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The transaction is not expected to have any material effect on the Group's net tangible assets and earnings per share for the financial year ending 31 December 2008. None of the controlling shareholders and the Directors has any interest in the Proposed Acquisition

BY ORDER OF THE BOARD

Hong Qing Liang
CEO and Executive Director

Date: 4 August 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.