NEWS RELEASE

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Fuxing China posts RMB136.5 million in FY2008 net profit

- *Total dividend payout of 18% of net profit in FY2008*

Financial Highlights (RMB'000)	12 months ended 31 December		
	2008	2007	Growth (%)
Revenue	829,416	883,948	-6.2%
Gross profit	264,534	307,714	-14.0%
Gross profit margin	31.9%	34.8%	
Net profit	136,476	197,023	-30.7%
(Allowance) / write back of allowance for doubtful trade receivables	(19,346)	7,447	-359.8%
Deferred tax	(17,305)	-	NM
Net profit (excluding bad debt provisions and withholding tax)	173,127	189,576	- 8.7%

NM: Not Meaningful

SINGAPORE – 26 February 2009 - Fuxing China Group Limited *("Fuxing China" or "the Group")*, one of the few vertically-integrated zipper manufacturers in the PRC, today posted a net profit of RMB136.5 million for the full year ended 31 December 2008.

The decline in net profit of 30.7% was due to the following reasons:

1) A marginal 6.2% decrease in revenue to RMB829.4 million due to lower average selling prices of both zipper chain and zipper slider resulting from lower raw material costs. The Group also experienced lower sales volume in 4Q FY2008 as

customers placed fewer orders due to a decline in their export business - an impact of the global economic crisis.

2) Higher selling and distribution expenses due to the newly set up Shanghai and Qingdao factories, higher delivery cost as well as increased efforts to promote the sale of finished zippers. In FY2008, selling and distribution expenses increased 70.3% to RMB5.2 million;

3) Increase in general and administrative expenses by 322.4% to RMB42.8 million arising from the newly set up factories in Qingdao and Shanghai as well as the provision of doubtful debts; and

The Group highlighted that its FY2008 net profit was distorted by a provision for doubtful trade receivables of RMB19.4 million and the inclusion of a non-performance related deferred tax[1] of RMB17.3 million. Excluding the bad-debt provision and deferred tax, it would have achieved a higher net profit of RMB173.1 million.

Fuxing China has taken a conservative stand by making a provision for doubtful debts in view of the current credit crunch and the volatile global macroeconomic conditions which have impacted many of its customers, many of whom are export-oriented garment manufacturers in China. However, the Group will continue to undertake proactive measures to monitor and accelerate the collection of outstanding trade receivables and at the same time, carefully evaluate the financial and liquidity position of its major customers when it takes on new orders.

Mr Hong Qing Liang (洪清凉), Chief Executive Officer of Fuxing China commented, "Although we have not experienced any bad debts to date, we would still like to remain

[1] On 22 February 2008, the State Administration of Taxation of China issued a circular Caishui 2008 No.001, which states that distribution of dividends from profits accumulated from 1 January 2008 onwards shall be subject to withholding tax on distribution to foreign investors. Accordingly, the Group has provided for deferred tax liabilities on the Group's profit-making PRC subsidiaries' net profit attained in FY2008. As Jade Star (the PRC's subsidiaries' immediate holding Company) was incorporated in the British Virgin Islands, the applicable withholding tax rate is 10%.

prudent by making a provision for doubtful debts as we, like many other companies around the world, are operating in a very challenging business environment. Many of our customers, especially those who export their products, are witnessing a decline in sales and this invariably affects suppliers like us. As part of our strategy to retain and attract customers, we will constantly enhance our product quality and review our pricing structure to ensure that our products remain attractive to them. To ride us through the challenging times, we will also implement various cost cutting measures and continue to source and negotiate for lower prices for raw materials used."

Finished Zipper Capacity Update

In FY2008, the Group has significantly expanded its production capacity for finished zippers, which typically fetch higher margins than semi-finished zippers – namely zipper slider and zipper chain.

It commenced its Qingdao plant in January 2008, producing finished zippers to cater to the apparel manufacturers in the northern region of the PRC. The plant has an annual production capacity of 70 million pieces.

In February 2008, the Group further expanded its finished zipper capacity when it started commercial production at its new finished zipper factory within its existing premises in Jinjiang City. It had also installed new weaving machinery at its existing facilities in December 2007. Together, these two plants in Jinjiang have an annual production capacity of 480 million pieces of finished zippers.

In addition, the Group commenced commercial production of finished zippers in Shanghai. The plant has an annual production capacity of 78 million pieces of finished zippers.

Altogether, Fuxing China is now able to produce up to 628 million pieces of finished zippers per year.

Earnings & Net Asset Value Per Share

Earnings per share for the full year ended 31 December 2008 was RMB0.17 while net asset value rose from RMB1.22 as at 31 December 2007 to RMB1.32 as at 31 December 2008.

Segmental Review

Financial Highlights (RMB'000)	**12 months ended 31 December**		
	2008	**2007**	**Growth (%)**
Revenue			
Zipper Chain	495,435	513,718	-3.6%
Zipper Slider	229,743	370,230	-38.0%
Knitting Wool	8,887	-	NM
Trading (of nylon yarn)	95,351	-	NM
Total	*829,416*	*883,948*	*-6.2%*
Gross Profit			
Zipper Chain	191,573	194,492	-1.5%
Zipper Slider	69,329	113,222	-38.8%
Knitting Wool	945	-	NM
Trading (of nylon yarn)	2,687	-	NM
Total	*264,534*	*307,714*	*-14.0%*
Gross Profit Margin			
Zipper Chain	38.67%	37.86%	
Zipper Slider	30.18%	30.58%	
Knitting Wool	10.63%	-	
Trading (of nylon yarn)	2.80%	-	
Total GP Margin	31.89%	34.81%	

NM: Not Meaningful

Zipper Chain (inclusive of finished zippers)

Revenue for zipper chain (which includes higher-margin finished zippers) at RMB495.4 million declined marginally. It represented 59.7% of total revenue. Gross profit margin improved from 37.86% in FY2007 to 38.67% in FY2008 due to the Group's increased focused in the production of finished zippers.

The Group estimated that in FY2008 alone, finished zippers contributed about 25.3% and 31.4% of total Group sales and gross profit respectively.

Zipper Slider

Sales of zipper slider declined by 38.0% to RMB229.7 million due to the lower average cost of zinc which led to a decrease in the average selling price of the product. This business segment contributed 27.7% of total revenue.

GP margin for zipper slider registered a slight dip from 30.58% in FY2007 to 30.18% in FY2008.

Knitting Wool

During the year in review, Fuxing China introduced the knitting wool segment following its acquisition of a 29,153 square metre factory in Shanghai which is located at Shi Hu Dang Town of Song Gang District, Shanghai City, The PRC, as part of its expansion plans to increase the production of finished zippers. Prior to the acquisition, the factory was in the business of producing knitting wool. While the Group focuses on the production of finished zippers at the factory, it has also retained the knitting business as there is a ready pool of customers. In FY2008, the knitted wool products generated RMB8.9 million in sales (about 1% of total revenue) and gross profit margin of 10.63%.

Trading

The Group also commenced the trading of nylon yarn at its Hong Kong sales office in FY2008 at the request of customers since it has a wide network of suppliers of nylon yarn – one of the main raw materials for zipper products.

The trading business attained sales of RMB95.5 million, which was 11.5% of total FY2008 revenue. Gross profit margin stood at 2.82%.

Final dividend

The directors have proposed a final dividend of 1 RMB cent per share based on 800,000,000 ordinary shares. Inclusive of the interim dividend of 2 RMB cents, shareholders would receive a total dividend of 3 RMB cents in the whole year, representing a payout of 18% of FY2008's net profit.

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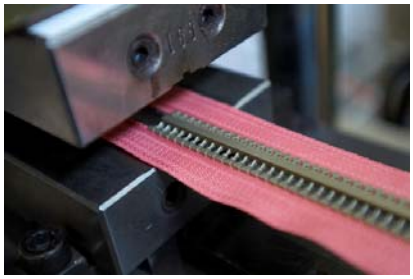
About Fuxing China

Based in Jinjiang City, Fujian Province, and listed on SGX-ST on 24 September 2007, Fuxing China is one of few vertically-integrated zipper producers in the PRC with the ability to manufacture the entire zipper product from mould-making for the production of zipper sliders to manufacturing of fabric tape for zipper chains.



Zipper chain



Zipper slider

The Group's zipper products are sold mainly to PRC manufacturers of apparel and footwear products, camping equipment, bags, upholstery furnishings, trading companies as well as other zipper manufacturers in the PRC which further process or assemble zipper products to customise to their customers' needs.

Fuxing China has a diversified customer base of over 900 customers which are located in the PRC. Fuxing China's end products are also used by renowned brands such as Anta, Septwolves, CBA Leisu, Fujian Peak and Northpole China, in their products such as apparels, shoes, bags and camping equipment.

Since its establishment in 1993, Fuxing China has built up a credible track record and market reputation, having garnered 10 awards in the past 10 years. More notably, its proprietary "3F" brand has been named the "Symbolic Brand of China" (中国标志性品牌) by First Chinese Well-Known Mark Conference in 2006 and "PRC Top 10 Famous Zipper Brands" (中国拉链十大知名品牌) by The Hardware Association of the PRC in 2005.

More recently in January 2007, Fuxing China's products were awarded the Intertek Eco-Certification, which allows the Group's products to be sold in the international markets. Today, through trading companies, the Group's zipper products are exported to Australia, the EU, Russia, Turkey, Korea, Thailand, Vietnam and Indonesia.

To ensure continued innovation in product quality and improved efficiency, Fuxing China places strong emphasis on product and technical R&D. As a testimony of its strength in R&D, Fuxing China's R&D facility was certified as a "Fujian Provincial Level Enterprise Technology Center" in December 2006. The Group has been granted 5 design patents for its zipper sliders, while 2 utility patents are pending registration. The Group also has established a research partnership with the Software Institute of Xiamen University with the aim of enhancing production efficiencies in the manufacturing of zipper products.

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