NEWS RELEASE

Fuxing China posts 1HFY2009 earnings of RMB10.5 million

Financial Highlights (RMB'000)	3 months ended 30 June			6 months ended 30 June		
	2009	2008	Growth (%)	2009	2008	Growth (%)
Revenue	120,919	216,984	(44.3)	201,336	406,966	(50.5)
Gross profit	18,421	81,932	(77.5)	36,070	152,825	(76.4)
Gross profit margin	15.2%	37.8%	-	17.9%	37.6%	-
Profit before taxation	9,139	78,216	(88.3)	18,780	144,209	(87.0)
Net profit attributable to shareholders	4,871	48,546	(90.0)	10,460	98,074	(89.3)

SINGAPORE – 11 August 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 RMB10.5 million on the back of RMB201.3 million in revenue for the first six months ended 30 June 2009 ("1HFY2009").

Retention of Customers with more competitive prices

The Group reported a decline of 50.5% in revenue from RMB407.0 million in 1HFY2008 to RMB201.3 million in 1HFY2009. This decline in revenue was mainly attributable to lower average selling prices offered to the Group's customers and lower sale from its zipper products, namely Finished Zippers, Zipper Chains and Zipper Sliders (collectively known as "Zipper Segment").

As the Group and its customers faced the challenging business environment brought about by the global economic crisis, the Group offered more competitive prices in order to retain its customers. This, coupled with the decline in the prices of the Group's raw materials, resulted in a decline in the average selling prices of its zipper products in 1HFY2009. In addition, there were fewer orders from the Group's direct overseas customers and export oriented garment factories as a result of a significant drop in their export business.

This resulted in a decline in the Group's gross profit by 76.4% from RMB152.8 million in 1HFY2008 to RMB36.1 million in 1HFY2009 and a decline its overall gross profit margin from 37.6% in 1HFY2008 to 17.9% in 1HFY2009.

Selling and distribution expenses declined 25.6% to RMB1.7 million as a result of reduced salaries and commissions paid. The decrease was in tandem with the decrease in the Group's revenue. General and administrative expenses rose 50.9% to RMB12.9 million due mainly to a RMB2.5 million provision for doubtful debts as the Group had taken a conservative stand by making a provision for doubtful debts in view of the current credit crunch.

Mr Hong Qing Liang (洪清凉), Chief Executive Officer of Fuxing China commented, "We have had long term working relationships with many of our customers and given the current economic climate which our Group and customers are operating in, we have to maintain our relationships with our customers by taking a longer term view of our business. Whilst we have remained prudent by making a provision，we will continue to monitor and accelerate our collection of outstanding debts where possible, to protect the Group by carefully evaluating the financial and liquidity position of our customers before we take on new orders."

Earnings & Net Asset Value Per Share

Earnings per share for the six months ended 30 June 2009 was RMB1.31 cents while net asset value rose from RMB1.32 as at 31 December 2008 to RMB1.33 as at 30 June 2009.

Segmental Review

	3 months ended 30 June			6 months ended 30 June		
	2009	**2008**	**Growth (%)**	**2009**	**2008**	**Growth (%)**
REVENUE (RMB'000)						
Finished zipper	18,681	73,637	(74.6)	28,634	128,762	(77.8)
Zipper Chain	30,535	74,625	(59.1)	64,102	147,808	(56.6)
Zipper Slider	21,483	68,722	(68.7)	41,460	130,396	(68.2)
Knitting Wool	4,433	-	NM	6,688	-	NM
Trading	45,787	-	NM	60,452	-	NM
Total Revenue	120,919	216,984	(44.3)	201,336	406,966	(50.3)

	3 months ended 30 June			6 months ended 30 June		
	2009	**2008**	**Growth (%)**	**2009**	**2008**	**Growth (%)**
GROSS PROFIT/(LOSS) (RMB'000)						
Finished zipper	4,589	29,275	(84.3)	7,194	53,039	(86.4)
Zipper Chain	8,468	33,495	(74.7)	18,059	63,498	(71.6)
Zipper Slider	4,376	19,162	(77.2)	8,970	36,288	(75.3)
Knitting Wool	(415)	-	NM	(73)	-	NM
Trading	1,403	-	NM	1,920	-	NM
Total GP	18,421	81,932	(77.5)	36,070	152,825	(76.4)
GROSS PROFIT/(LOSS) MARGIN (%)						
Finished zipper	24.57	39.76	-	25.12	41.19	-
Zipper Chain	27.73	44.88	-	28.17	42.96	-
Zipper Slider	20.37	27.88	-	21.64	27.83	-
Knitting Wool	(9.36)	-	-	(1.09)	-	-
Trading	3.06	-	-	3.18	-	-
Total GP Margin	15.23	37.76	-	17.92	37.55	-

NM: Not Meaningful

Zipper Segment

With the Zipper Segment contributing 14.2%, 31.8% and 20.6% respectively of total revenue, and cumulatively 66.6% of total revenue, there was a decline of 67.2% in the revenue to RMB134.2 million from the Zipper Segment. The decrease in revenue from the Zipper Segment was due to the deliberate efforts made by the Group to lower the average selling price ("ASP") of its products in order to remain competitive and retain its customers, as well as the decline in the orders from direct overseas customers and export oriented garment factories.

Knitting Wool

The knitting wool business segment, which was introduced in the second half of FY2008, contributed a revenue of RMB6.7 million, representing 3.3% of total sales. An increase in the raw materials costs, particularly in 2QFY2009, resulted in a gross loss of 1.09% for this segment in 1HFY2009.

The Group introduced this new business segment following its acquisition of a factory in Shanghai, 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 focused on the production of finished zippers at the factory, it had also retained the knitting business as there is a ready pool of customers.

Trading

Introduced in the second half of FY2008, the trading business, which is carried out of the Group's Hong Kong sales office, attained sales of RMB60.5 million representing 30.0% of total sales and a gross profit margin of 3.18% in 1HFY2009.

The Group commenced this business segment at the request of customers since it has a wide network of suppliers of nylon yarn and zipper related products.

Mr Hong explained, "Our risk for this business segment is minimized as we do not stock up on inventory. Rather, we act as a middleman by tapping on our network and helping our customers' source for raw materials supplies."

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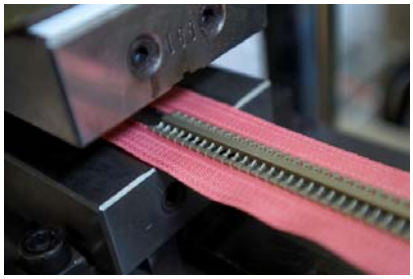
About Fuxing China

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.

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.

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