FUXINIG CHINA GROUP LIMITED (THE "COMPANY")

(Incorporated in Bermuda)
(Company Registration No.: 38973)

PROPOSED SUBSCRIPTION OF UP TO 39,604,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "SUBSCRIPTION") AND PROPOSED ISSUE OF CONVERTIBLE NOTES (THE "NOTES ISSUANCE")

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1. Introduction

1.1 The Board of Directors of the Company (the "**Board**") wishes to announce that the Company has agreed to issue and several investors (the "**Subscribers**") have agreed to subscribe for an aggregate of 39,604,000 ordinary shares in the capital of the Company (the "**Subscription Shares**") at the issue price of S$0.101 per Subscription Share (the "**Issue Price**"), amounting to an aggregate consideration of S$4,000,004. Half of the total Subscription Shares will be issued directly to the Subscribers whilst the other half will be issued indirectly via a share lending arrangement (further described herein).

1.2 In addition, the Company will issue and the Subscribers will subscribe for convertible notes with a principal amount of approximately S$4,000,004 further to a proposed Notes Issuance.

1.3 The Subscription Shares and Conversion Shares (as defined herein) will be issued pursuant to the general mandate authorising the Directors of the Company to issue new shares and convertible securities, which was granted by the shareholders of the Company at the annual general meeting of the Company held on 24 April 2009. The Subscription Shares and Conversion Shares represent approximately 10% of the total number of issued shares in the Company as at the date of this Announcement.

2. Subscription Agreement, Placement Agreement and Securities Lending Agreement

2.1 Pursuant to the aforesaid proposed Subscription, the Company has today entered into a subscription agreement (the "**Subscription Agreement**") with the Subscribers pursuant to which the Company has agreed to allot and issue to the Subscribers in aggregate 19,802,000 new ordinary shares in the capital of the Company, constituting part of the Subscription Shares, for an aggregate subscription price of S$2,000,002.

2.2 The Issue Price represents a discount of approximately 19.9% to the weighted average trading price of S$0.1261 per ordinary share of the Company based on the trades done on the Company's shares on the Main Board of the SGX-ST on 8 September 2009, being the last full market day immediately preceding the execution date of the Subscription Agreement.

2.3 In respect of the other 19,802,000 Subscription Shares and in connection with the proposed Subscription, the Company, the Subscribers and Mr Hong Qing Liang (the Chief Executive Officer and Director of the Company) (the "**Lender**") have entered into a placement agreement (the "**Placement Agreement**") where the Lender has agreed to sell 19,802,000 shares in the capital of the Company (the "**Placement Shares**") and the Subscribers agreed to purchase for the Placement Shares for the consideration of S$2,000,002, on the terms and subject to the conditions of the Placement Agreement.

2.4 Pursuant to the Placement Agreement, the Company and the Lender have also entered into a securities lending agreement (the "**Securities Lending Agreement**") under which the Lender has agreed to lend 19,802,000 ordinary shares of the Company (the "**Loan Shares**") to the Company, so as to facilitate the early delivery and settlement of part of the Subscription Shares to the Subscribers.

3. Proposed Notes Issuance – Notes Subscription Agreement

3.1 The Company has also today entered into a notes subscription agreement (the "**Notes Subscription Agreement**") with the Subscribers where the Company has agreed to undertake a notes issue to the Subscribers of unsecured redeemable convertible notes due September 2011 with a principal amount of RMB19,152,419.15 (equivalent to approximately S$4,000,004 based on the agreed S$ / RMB exchange rate fixed at S$1.00 to RMB 4.7881) (the "**Notes**") which can be converted into ordinary shares in the capital of the Company (the "**Conversion Shares**"). The key terms and conditions of the Notes are as follows:

Issue Price	:	100% of the principal amount of RMB19,152,419.15 (equivalent to approximately S$4,000,004)
Interest Payable	:	No interest payable
Redemption	:	The Notes are not redeemable prior to Maturity Date
Maturity Date	:	Two (2) years from the issue date of the Notes
Transferability	:	The Notes are not transferable
Conversion	:	The number of Conversion Shares to which a holder is entitled on conversion of the Notes shall be determined by dividing the aggregate principal amount of the Notes to be converted by the Conversion Price (as defined below) and as set out against their names in the paragraph 4.1 below. The price at which each Conversion Share shall be issued upon conversion (the "**Conversion Price**") shall be approximately RMB 0.4836 (equivalent to S$0.101 based on the agreed S$ / RMB

exchange rate fixed at S$1.00 to RMB 4.7881), representing a discount of approximately 19.9% of the weighted average price per ordinary share of the Company of S$0.1261 for trades done on the Company's shares on the Main Board of the SGX-ST on 8 September 2009, being the last full market day immediately preceding the execution date of the Notes Subscription Agreement.

There shall be no adjustments to the Conversion Price in any event.

The Notes are convertible at any time prior or on Maturity Date.

4. Details of the Subscribers

4.1 Details of the Subscribers, the number of Subscription Shares to be subscribed by each Subscriber with the respective Conversion Shares and the aggregate subscription price to be paid by each Subscriber are set out below:-

Name of Subscribers	**Number of Subscription Shares**	**Aggregate Subscription Price (S$)**	**Number of Conversion Shares**
2G Capital Pte Ltd	24,752,000	2,499,952	24,752,000
Ng Hock Ching	2,475,000	249,975	2,475,000
Koh Chee Beng	2,475,000	249,975	2,475,000
Lee Wan Ling	2,327,000	235,027	2,327,000
Tng Kum Choe	1,485,000	149,985	1,485,000
Yip Tai Him	1,238,000	125,038	1,238,000
Providence Sogh Limited	1,238,000	125,038	1,238,000
Tan Dah Ching	990,000	99,990	990,000
Low Ee Hwee	644,000	65,044	644,000
Tan Chin Hock	1,485,000	149,985	1,485,000
Jeremy Lee Sheng Poh	495,000	49,995	495,000
Total	39,604,000	4,000,004	39,604,000

4.2 The Subscribers were independently identified by the directors of the Company. Apart from the Subscription, each of the Subscribers has had no previous business dealings with the Company. The Subscribers have subscribed to the Subscription Shares and the Conversion Shares purely for financial investment purposes

The Company is of the view that the proposed Subscription and Notes Issuance would widen its investors' base, increase liquidity in its shares and attract more institutional investors.

With a view to enhancing shareholders' value, the Directors believe that the proposed Subscription and Notes Issuance, together with the Group's strong financial position, will provide the Group with added financial flexibility for future corporate developments and to tap on new opportunities when the economy recovers.

4.3 Each of the Subscribers has confirmed and represented, *inter alia*, that it/he is not (i) a director or substantial shareholder of the Company; (ii) an immediate family member (as defined in the SGX-ST Listing Manual) of any of the directors or substantial shareholder of the Company; (iii) a substantial shareholder, related company (as defined in Section 6 of the Companies Act (Cap. 50) of Singapore), associated company or sister company of any of the Company's substantial shareholders; or (iv) any person who falls within Rule 812 of the SGX-ST Listing Manual.

5. Other Salient Terms and Conditions Precedent

5.1 The Subscription Shares and Conversion Shares shall be issued free from all claims, pledges, mortgages, charges, liens and other encumbrances and shall rank in all respects *pari passu* with the then existing issued Shares of the Company at the time of the issue except that the Subscription Shares and Conversion Shares will not rank for any dividends, rights, allotments or other distributions in the event that the record date falls before the respective date of the issue of the Subscription Shares and Conversion Shares.

5.2 The proposed Subscription and Notes Issuance is subject to, *inter alia*, the approval in-principle of the SGX-ST for the listing and quotation of the Subscription Shares and the Conversion Shares on the Main Board of the SGX-ST.

5.3 Completion of the Subscription and Notes Issuance is also conditional upon, *inter alia*:-

(a) in-principle approval for an additional listing application for the Subscription Shares and Conversion Shares, being obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions (which are not normally imposed by the SGX-ST for a transaction of a similar nature), such conditions being acceptable to the Subscribers and, to the extent that any conditions for the listing and quotation of the Subscription Shares and the Conversion Shares on the Main Board of the SGX-ST are required to be fulfilled on or before Completion Date, they are so fulfilled;

(b) the Company having obtained approval of Board for the transactions contemplated;

(c) the allotment, issue and subscription of the Subscription Shares and Conversion Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of this Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company or the Subscribers; and

(d) the representations, warranties and undertakings in the Subscription Agreement and Notes Subscription Agreement remaining true and correct in all material respects as at the Completion Date and the Company and the Subscribers having performed all of their obligations hereunder to be performed on or before the Completion Date.

Completion of the Subscription and Notes Issuance is to take place on the date falling three (3) business days after the date on which all the conditions to the completion of the Subscription and Notes Subscription have been satisfied or waived ("**Completion Date**").

6. Use of Net Proceeds

6.1 The Subscription will allow the Company to raise estimated net proceeds (the "**Net Proceeds**") of up to approximately S$7,700,000 (after deducting related expenses incurred in connection with the Subscription and Notes Issuance and assuming that all the Notes are fully converted).

6.2 The Group intends to use the net proceeds of approximately S$7,700,000 arising from the Subscription and the Notes Issuance for the Group's corporate developments, in particular to explore strategic tie-ups, merger and acquisition opportunities and vertical integration within the zipper industry.

6.3 Pending deployment of the proceeds from the Subscription and Notes Issuance, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, as the Directors may deem appropriate in the interests of the Group.

7. Financial Effects

On the assumption that all the Subscription Shares are fully subscribed for but before conversion of the Notes, the Company's issued and paid-up share capital will comprise of 831,480,000 ordinary shares. Upon the conversion of the Notes, the Company's issued and paid-up share capital will comprise of 871,084,000 ordinary shares.

Based on the latest unaudited consolidated balance sheet of the Group as at 30 June 2009 and the audited consolidated financial statements of the Group for the most recently completed financial year ended 31 December 2008, purely for illustrative purposes, the financial effects of the Subscription and the conversion of the Notes pursuant to the Notes Subscription Agreement on the Group are estimated as follows:-

(a) The effect on the net asset per share (based on the total number of share issued as at 30 June 2009 (being the end of the most recently completed financial period)) of the Group, assuming that the Subscription and the conversion of the Notes had been effected on 30 June 2009, is as follows:

	As at 30 June 2009	After the issue of Subscription Shares	After the issue of Conversion Shares
Net asset ('000 RMB)	1,056,022	1,073,642 (1)	1,092,795 (1)
Number of shares	791,876,000	831,480,000	871,084,000
Net asset per share (RMB cents)	133.36	129.12	125.45

(b) The effect on the earning per share (based on the total number of share issued as at 31 December 2008 (being the end of the most recently completed financial year)) of the Group, assuming that the Subscription had been effected on 31 December 2008, is as follows:

(c)

	Financial year ended 31 December 2008	After the issue of Subscription Shares	After the issue of Conversion Shares
Net profit attributable to equity holders of the Company ('000 RMB)	136,476	136,476	136,476
Number of shares	800,000,000	831,480,000 (2)	871,084,000 (2)
Earnings per share (RMB cents)	17.06	16.41	15.67

Notes:

(1) Net proceeds are converted at the exchange rate of S$1 = RMB 4.7881.

(2) Based on the effect on the issued and paid-up share capital of the Company comprising 791,876,000 shares as at the date of this announcement and the Subscription Shares and/or the Conversion Shares.

8. Directors' and Substantial Shareholders' Interests

None of the directors and the substantial shareholders of the Company has any interest in the Subscription, save for Mr Hong Qing Liang's involvement as disclosed in paragraph 2.

9. Documents for Inspection

Copies of all the agreements contemplated herein are available for inspection during the normal business hours at the office of the Company's Singapore share transfer agent at 3 Church Street, #08-01, Samsung Hub, Singapore 049483 for a period of three months from the date of this Announcement.

10. General

The Company will make the necessary announcements once the approval-in-principle for the listing and quotation of the Subscription Shares and Conversion Shares has been obtained from the SGX-ST.

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Director and CEO
9 September 2009

Note: 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.