FUXING CHINA GROUP LIMITED (THE "COMPANY")

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

CLARIFICATION IN RESPECT OF ANNOUNCEMENT RELATING TO 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")

The Company refers to its recent announcement of 9 September 2009 (the "**said Announcement**") relating to the Subscription and the Notes Issuance and wishes to clarify paragraph 2 of the said Announcement in respect of the securities lending arrangement between the Company and Mr Hong Qing Liang ("**Lender**"). Unless otherwise defined, all terms used herein shall be as defined in the said Announcement.

(1) Proposed Subscription of Shares

As mentioned in the said Announcement, the Company has agreed to allot and issue to the Subscribers an aggregate of 39,604,000 Subscription Shares at the Issue Price of S$0.101 per Subscription Share amounting to an aggregate consideration of S$4,000,004. Half of the total Subscription Shares will be issued directly to the Subscribers (as described under paragraphs 2.1 and 2.2 of the said Announcement) whilst the other half will be issued indirectly via the below mentioned securities lending arrangement.

(2) Securities Lending Arrangement

(a) To facilitate the early delivery and settlement of 19,802,000 of the total Subscription Shares to the Subscribers under the proposed Subscription, the Company has agreed to borrow and the Lender has agreed to lend 19,802,000 Shares of the Lender. To this end, the Company and the Lender have entered into the **Securities Lending Agreement** whereby:-

(i) the said 19,802,000 Shares loaned will be transferred and delivered by the Lender to the Subscribers at the request of the Company as borrower and in accordance with and by way of the Placement Agreement (referred in paragraph 2(b) below);

(ii) the Lender will not be paid any borrowing fees, consideration or other payment or otherwise receive any benefit from the Company for the securities lending;

(iii) the Company is under the obligation to return and redeliver to the Lender the said 19,802,000 Shares borrowed; as stated in the Securities Lending Agreement, this shall be effected by way of an allotment and issue to Lender of 19,802,000 new Shares in the capital of the Company in accordance with and regulated by a **subscription agreement** between the Company and the Lender. The subscription price per new share is equivalent to the Issue Price and the total subscription price for such 19,802,000 new Shares will be satisfied upon receipt of the placement proceeds by the Company referred to in paragraph 2(b) below, as part of the securities lending arrangement.

(b) Further to and as part of the aforesaid securities lending arrangement, and as requested and directed by the Company, the Subscribers, the Lender and the Company have accordingly entered into the **Placement Agreement** to transfer the Lender's 19,802,000 shares to the Subscribers. The placement price per Share for such transfer is equivalent to the Issue Price and the aggregate placement proceeds of S$2,000,002 shall be paid to the Company at the direction of the Lender and the Company.

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Director and CEO
15 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.