FUXING CHINA GROUP LIMITED (THE "COMPANY")

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

(A) PROPOSED ACQUISITION BY THE COMPANY OF FULONG ZIPPER AND WEAVING CO., LTD. JINJIANG (THE "FULONG ZIPPER ACQUISITION")

(B) PROPOSED ACQUISITION BY THE COMPANY OF JINJIANG JIANXIN WEAVING CO., LTD. (THE "JIANXIN WEAVING ACQUISITION")

(C) PROPOSED ACQUISITION BY THE COMPANY OF JINJIANG FUXIN ELECTROPLATING CO., LTD. (THE "FUXIN ELECTROPLATING ACQUISITION")

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1. INTRODUCTION

The Board of Directors of the Company (the "**Directors**") hereby announces that the Company's wholly-owned subsidiary Jade Star Group Holdings Limited (the "**Purchaser**") has on 22 December 2010 entered into the following three (3) separate and independent acquisition agreements:

(a) sale and purchase agreement (the "**Fulong Zipper SPA**") with Hong Kong Fook Lung Company (the "**Fulong Zipper Vendor**") for the acquisition of the entire equity interests in Fulong Zipper and Weaving Co., Ltd. Jinjiang ("**Fulong Zipper**");

(b) sale and purchase agreement (the "**Jianxin Weaving SPA**") with Mr Kuok Wai Lap (the "**Jianxin Weaving Vendor**") for the acquisition of the entire equity interests in Jinjiang Jianxin Weaving Co., Ltd. ("**Jianxin Weaving**"); and

(c) sale and purchase agreement (the "**Fuxin Electroplating SPA**") with Mr Hong Jianhai and Mr Hong Peidan (the "**Fuxin Electroplating Vendors**") for the acquisition of the entire equity interests in Jinjiang Fuxin Electroplating Co., Ltd. ("**Fuxin Electroplating**").

For purposes of this Announcement, the Fulong Zipper SPA, Jianxin Weaving SPA and Fuxin Electroplating SPA are collectively referred to herein as the "**Agreements**"; the Fulong Zipper Vendor, Jianxin Weaving Vendor and Fuxin Electroplating Vendor are collectively referred to herein as the "**Vendors**"; Fulong Zipper, Jianxin Weaving and Fuxin Electroplating are collectively referred to herein as the "**Target Companies**"; the Fulong Zipper Acquisition, Jianxin Weaving Acquisition and Fuxin Electroplating Acquisition are collectively referred to herein as the "**Acquisitions**".

2. BACKGROUND INFORMATION ABOUT THE TARGET COMPANIES

2.1 Fulong Zipper, a wholly-owned subsidiary of the Fulong Zipper Vendor, was incorporated in 1998 as and is a validly existing wholly foreign-owned enterprise under PRC laws and is located at Donghaian Comprehensive Development Zone, Shenhu Town, Jinjiang City, Fujian Province, PRC. Fulong Zipper is principally engaged in the business of colour dyeing and one of the main products which it processes includes fabric tapes for zippers. Its customers are mainly zipper manufacturers and manufacturers of apparel and footwear products, camping equipment and casual bags, most of which are based in the Fujian Province.

2.2 Jianxin Weaving, wholly-owned by the Jianxin Weaving Vendor, was incorporated in 2000 as and is a validly existing wholly foreign-owned enterprise under PRC laws and is located at Donghaian Development Zone, Shenhu Town, Jinjiang City, Fujian Province, PRC. Jianxin Weaving is principally engaged in the business of supplying dyed yarn. The customers of Jianxin Weaving are mainly locally established apparel manufacturers, most of which are based in the Fujian Province.

2.3 Fuxin Electroplating, wholly-owned by the Fuxin Electroplating Vendors, was incorporated as a limited liability company in the PRC in 2003 and its registered office is at Donghaian Industrial Area, Shenhu Town, Jinjiang City, Fujian Province, PRC. Fuxin Electroplating is principally engaged in the business of the provision of electroplating services. It provides to its customers plating services in copper, nickel and gold, and mainly on zipper heads, belt buckles, shoe buckles, buttons and other metal products.

2.4 Further details relating to the Vendors and the Target Companies will be set out in the circular to shareholders of the Company (the "**Shareholders**") in relation to the Acquisitions.

3. SALIENT POINTS OF THE AGREEMENTS

3.1 Sale and Purchase of the Equity Interest and Purchase Price

Pursuant to the Agreements, the Purchaser will acquire from the Vendors the entire equity interest of each of the Target Companies representing one hundred percent (100%) of each of the Target Companies' registered capital at an aggregate purchase price of RMB 372 million (the "**Aggregate Purchase Price**"). The purchase price for each of the Fulong Zipper Acquisition, Jianxin Weaving Acquistion and Fuxin Electroplating Acquisition is RMB 120 million (the "**Fulong Zipper Purchase Price**"), RMB 107 million (the "**Jianxin Weaving Purchase Price**") and RMB 145 million (the "**Fuxin Electroplating Purchase Price**") respectively.

For the purposes of the Acquisitions, the Company commissioned Jones Lang LaSalle Sallmanns Limited (the "**Valuer**") to conduct a valuation on each of the Target Companies. The Valuer had carried out the valuation on a fair value basis, which is defined as "the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction". Based on its valuation report dated 22 October 2010

(the "**Valuation Report**"), the Valuer is of the opinion that the fair value of each of the Target Companies as at 22 October 2010 are as follows:

Company	**Fair Value (RMB)**
Fulong Zipper	129,425,097
Jianxin Weaving	116,838,297
Fuxin Electroplating	156,315,575

Each of the Fulong Zipper Purchase Price, Jianxin Weaving Purchase Price and Fuxin Electroplating Purchase Price was arrived at on a willing buyer-willing seller basis and determined taking into consideration, *inter alia*, the valuation undertaken on the Target Companies by the Valuer. Each purchase price represents a discount to the fair value of each of the Target Companies as determined by the Valuer.

Each of the Fulong Zipper Purchase Price, Jianxin Weaving Purchase Price and Fuxin Electroplating Purchase Price will be satisfied by means of cash payment in two (2) tranches as follows:

(a) the Company will remit to the respective Vendors a refundable cash deposit equivalent to 10% of the respective purchase price, within seven (7) Business Days after execution of the Agreements; this deposit shall be refundable as soon as practicably possible to the Purchaser in full plus interests in the event that the relevant Acquisition is not duly completed for any reason whatsoever on or before 30 April 2011 or such later date as the Company and the Vendors may mutually agree in writing. Such refund shall be made by the Vendors to the Company within three (3) Business Days after 30 April 2011 or such later date as they may mutually agree in writing; and

(b) the Company will remit to the respective Vendors an amount equivalent to 90% of the respective purchase price in cash, on the Completion Date (as defined herein) or not later than three (3) Business Days after Completion Date.

The Aggregate Purchase Price will be satisfied using internally generated funds.

3.2 Conditions Precedent and Completion of Acquisitions

(a) The obligations of the parties relating to the Acquisitions will be subject to the fulfilment of, *inter alia*, the following conditions precedent:

i. the results of legal and financial due diligence investigations on the Target Companies conducted by the Company and its advisors or representatives, being satisfactory to the Company in its sole and absolute discretion;

ii. the representations and warranties of the Vendors contained in the Agreements shall be accurate in all material respects as of the date of the Agreements and as of the Completion Date;

iii. no material adverse change (as determined by the Company in its sole and absolute discretion) in the prospects, operations or financial conditions of the Target Companies occurring on or before the Completion Date;

iv. the requisite approval of the Directors and the Shareholders of the Company in respect of the Acquisitions shall have been obtained;

v. the requisite approval of the board of directors and shareholders (if applicable) of the Vendors in respect of the Acquisitions shall have been obtained;

vi. the Company being satisfied in its sole and absolute discretion, that the business of the Target Companies has been carried on in a satisfactory manner, and all approvals and consents (including any governmental, regulatory and/or corporate approvals, permits, licenses, requisite registrations, orders and consents) required for the businesses of the Target Companies have been obtained, and are and shall remain on Completion valid and effective and not withdrawn or amended; and

vii. the execution of service agreements between the Target Companies and their respective general managers on terms acceptable to the Company.

(b) The Acquisitions are targeted to be completed within ten (10) business days after the date on which the last of the conditions precedent under the Agreements is fulfilled or the Target Companies have been issued with a new business license by the relevant PRC government authorities on which the Purchaser has been registered as sole owner of the Target Companies, whichever is later, or such other date as the parties may agree in writing (the "**Completion Date**").

3.3 Indemnification Obligations by the Vendors

Pursuant to the Agreements, the Vendors undertake to indemnify, defend and hold harmless the Purchaser, its successors, or assignees, at the sole discretion of the Purchaser, from and against any and all damages, deficiencies, losses, costs, liabilities and expenses (including legal fees and disbursements on a full indemnity basis) and in particular, but without prejudice to the generality of the foregoing, from and against any depletion or diminution of the assets of the Target Companies, resulting directly or indirectly from or arising out of any breach of any of the representations, Vendors' warranties, undertakings, covenants, obligations and agreements made by the Vendors therein and any claim for taxation (to the extent that such claim for taxation exceeds the amount of any provision or reserve therefor in the accounts of the Target Companies and arises from any dispute with or failure to fully and accurately disclose all facts and circumstances in respect of such taxation to the relevant authorities).

4. THE VALUE OF AND NET PROFITS ATTRIBUTABLE TO THE ASSETS BEING ACQUIRED

Based on the audited financial statements for each of the Target Companies for the financial year ended 31 December 2009 ("**FY2009**") and the unaudited financial statements for the six-

month period ended 30 June 2010 ("**HY2010**"), the book value and the profit after tax of the Target Companies are set out as follows:

RMB '000	Audited FY2009	Unaudited HY2010
Fulong Zipper		
Book value	30,559	29,965
Profit after tax	10,187	5,067
Jianxin Weaving		
Book value	36,166	41,172
Profit after tax	10,429	5,007
Fuxin Electroplating		
Book value	20,803	19,939
Profit after tax	16,267	6,928

5. FINANCIAL EFFECTS

The pro forma financial effects of the Acquisitions on the Company and its subsidiaries (the "**Group**") are purely for illustrative purposes only and do not reflect the actual future financial position of the Company following the Completion of the Acquisitions. The pro forma financial effects in this section are based on the audited consolidated financial statements of the Group and the Target Companies for the financial year ended 31 December 2009 and unaudited consolidated financial statements of the Group and the Target Companies for the six-month period ended 30 June 2010, and subject to the following assumptions:

(a) the Acquisitions had been effected on (i) 31 December 2009 and 30 June 2010 for the purpose of the financial effects on the net tangible assets ("**NTA**") and (ii) 1 January 2009 for the purpose of the financial effects on earnings per share ("**EPS**");

(b) for purposes of the Acquisitions, the Company had done an internal assessment of the assets of the Target Companies, and the NTA after adjusting for the Acquisitions is based on assessed amounts; and

(c) the fair value of individually identifiable assets and liabilities acquired at the date of Completion of the Acquisitions may be substantially different from their corresponding values used in the preparation of the unaudited pro forma financial effects.

NTA

The pro forma financial effects of the Acquisitions on the NTA of the Group as at 31 December 2009 and 30 June 2010, assuming that the Acquisitions had been effected as at 31 December 2009 and 30 June 2010 are as follows:

	As at 31 December 2009		As at 30 June 2010	
	NTA	NTA per Share	NTA	NTA per Share
	(RMB'000)	(RMB)	(RMB'000)	(RMB)
Before adjusting for the Acquisitions	1,074,321	1.29	1,063,485	1.29
After adjusting for the Acquisitions	831,911	1.00	824,323	1.00

EPS

The pro forma financial effects of the Acquisitions on the EPS of the Group for FY2009, assuming that the Acquisitions had been effected as at 1 January 2009 are as follows:

	Before adjusting for the Acquisitions	After adjusting for the Acquisitions
Net profit after tax (RMB '000)	30,714	67,597
Weighted average number of Shares during FY2009 ('000)	803,703	803,703
Basic EPS (RMB cents)	3.82	8.41
Diluted EPS (RMB cents)[(1)]	3.80	8.37

Note:

(1) Based on the weighted average number of Shares during FY2009 and the weighted average number of Shares that would have been issued on the conversion of the outstanding convertible notes in FY2009 amounting to 807.609 million Shares

The Acquisitions will have no impact on the share capital and gearing of the Group as the Aggregate Purchase Price of the Acquisitions will be satisfied using internally generated funds and no new shares of the Company will be issued in relation to the Acquisitions.

6. RATIONALE

The Company is of the view that the Acquisitions will provide the following benefits:

Competitive advantage – Barriers to entry

The Directors are of the view that the governmental measures relating to environmental protection will become increasingly stringent. The PRC government will limit and restrict the establishment of new businesses and the issuance of new waste discharge permits within the weaving, dyeing and electroplating industry in Jinjiang City and the rest of the Fujian Province. As such competition within this industry will gradually be limited to the existing players only, the Directors believe that the businesses of the Target Companies will stand to benefit from this in the long term.

Vertical integration and synergies achieved by the Acquisitions

Fulong Zipper supplies colour dyeing services to the Company for the latter's zipper fabric tapes; Jianxin Weaving supplies dyed yarn to the Group for the manufacture of zipper fabric tapes, whilst Fuxin Electroplating supplies electroplating services to the Group for the latter's zipper heads. By acquiring the Target Companies, our Group is able to achieve operational synergies and enhance its competitive advantage in the industry. Our Group is able to have a direct control over the quality and costs of the products and services supplied by the Target Companies to the Group, and thereby enhancing the overall production processes, operations and costs structure of the Group's zipper business.

The integration and diversification into the businesses of the Target Companies will also allow the Group to capture viable revenue streams and to strengthen its competitive advantages.

Widen earnings base and establish alternative revenue stream

The Acquisitions will allow the Company to widen its earnings base and establish an alternative revenue stream. The Company is principally engaged in the production and sale of finished zippers, zipper sliders and zipper chains in PRC. The businesses of the Target Companies will add to this existing range of products, and is in line with the Company's strategy to expand its range of zipper products and services so as to expand its revenue and profit base and enhance its competitiveness and financial performance.

7. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

	Fulong Zipper Acquisition	Jianxin Weaving Acquisition	Fuxin Electroplating Acquisition	Consolidated
Rule 1006(a)				
The net asset value of the assets to be disposed of compared with the Group's net asset value	*Not Applicable*	*Not Applicable*	*Not Applicable*	*Not Applicable*
Rule 1006(b)				
The net profits[(1)] attributable to the assets acquired or disposed of compared with the Group's net profits	*25.94%*	*26.55%*	*41.42%*	*93.91%*
Rule 1006(c)				
The aggregate value of the consideration given or received compared with the issuer's market capitalisation on 21 December 2010, being the market day preceding the date of the Agreements	*16.17%*	*14.42%*	*19.54%*	*50.14%*
Rule 1006(d)				
The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	*Not Applicable*	*Not Applicable*	*Not Applicable*	*Not Applicable*

Note:

(1) Under Rule 1002(3)(b), "net profits" means profit or loss before income tax, minority interests and extraordinary items.

Since the relative figures for Rules 1006(b) and 1006(c) exceed 20% in respect of each of the Acquisitions, each of the Acquisitions is regarded as a major transaction pursuant to Rule 1013 of the Listing Manual. Accordingly, each Acquisition is conditional upon the approval of the Shareholders in a general meeting.

8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHODLERS

Save for their shareholdings in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Agreements and the Acquisitions.

9. SERVICE CONTRACT

No new service contract will be executed as no director will be appointed to the Company in connection with the Acquisitions.

10. RESPONSIBILITY STATEMENT

The Directors (including those who have been delegated supervision of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed in this announcement are accurate and fair in all material respects as at the date hereof, and that there are no material facts the omission of which would make this announcement misleading.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Agreements and the Valuation Report will be made available for inspection during normal business hours at the Singapore office of the Company (79 Anson Road #15-06 Singapore 079906) for a period of three (3) months from the date of this announcement.

12. CIRCULAR

A circular containing further details of the Acquisitions and enclosing the notice of special general meeting to be convened in connection therewith will be despatched by the Company to Shareholders in due course.

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Chairman and CEO
22 December 2010